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ABSTRACT

This report provides the official analysis of the Reauthorization of the Higher Education Act of 1965 submitted by Senator Kennedy along with views of minority members of the Committee on Labor and Human Resources in the Senate. The report includes discussion of background and need with emphasis on student financial aid issues, and views of the committee on Titles I through XIV. The hearings held at locations nationwide are listed, along with a record of the committee's roll call vote on an amended form of the bill. The official cost estimate prepared by the Congressional Budget Office is also included. A section on the regulatory impact of the bill states that the regulatory burden is expected to be minimal. An additional section by section analysis of the bill is also provided. A statement of the views of majority Senators Kassebaum, Hatch, Thurmond, Cochran and Coats is included along with another statement of the minority views of Senators Durenberger and Simon. The bulk of the document reproduces the legislation itself with changes, additions and deletions from the existing law indicated in brackets, italics and other typefaces. (JB)

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Calendar No. 310

102D CONGRESS *1st Session*	SENATE	REPORT 102–204

REAUTHORIZING THE HIGHER EDUCATION ACT OF 1965

REPORT

OF THE

COMMITTEE ON
LABOR AND HUMAN RESOURCES
UNITED STATES SENATE

TO ACCOMPANY

S. 1150

TO REAUTHORIZE THE HIGHER EDUCATION ACT OF 1965 AND FOR OTHER PURPOSES

together with

ADDITIONAL AND MINORITY VIEWS

NOVEMBER 12, 1991.—Ordered to be printed

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SENATE

Report
102-204

REAUTHORIZING THE HIGHER EDUCATION ACT OF 1965

November 12, 1991.—Ordered to be printed

Mr. Kennedy, from the Committee on Labor and Human Resources, submitted the following

REPORT

together with

ADDITIONAL AND MINORITY VIEWS

[To accompany S. 1150]

The Committee on Labor and Human Resources, to which was referred the bill (S. 1150) to reauthorize the Higher Education Act of 1965 and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

I. Introduction

In reauthorizing the Higher Education Act of 1965, the Committee on Labor and Human Resources had several goals in mind: first, to redress the growing imbalance between grants and loans by providing greater grant assistance; second, to simplify the student aid delivery system in general and the application process in particular; third, to attract more students into college by creating an infrastructure that provides early intervention and support to those young people most at risk of dropping out of school; fourth, to keep those currently in college enrolled and to encourage more students, particularly women and minorities, to pursue graduate school and careers in teaching; and fifth, to restore public confidence in the current student aid programs and to eliminate fraud and abuse.

S. 1150 takes major steps to address each of these critical goals. Increased grant aid is provided with a new Pell Grant entitlement

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effective in Fiscal Year 1997. The delivery system is greatly simplified by the creation of a single needs analysis system and a greatly shortened application form. Also, the Simplified Needs Test is available to families with earnings of up to $50,000. In the area of early intervention, several new programs are created and the existing TRIO Programs are strengthened. Major new initiatives are taken to eliminate fraud and abuse in the student loan program. In particular, a new structure with new responsibilities is given to the TRIAD of accreditation, state licensing and eligibility and certification.

Major changes are also made in areas other than Student Assistance. Educational achievement in this nation relies upon the quality of the American teacher. Central to this legislation, therefore, are new and improved programs designed to enhance the teaching profession. Title V seeks to bring new, talented people into teaching through a variety of scholarships, a Teacher Corps, and programs that attract individuals from other professions. Additionally, professional enhancement programs, including Teacher Academies at the State and Federal levels, sabbaticals, and opportunities for independent study, will keep talented teachers in the classroom.

In addition to reauthorizing and improving federal student aid and teaching programs, this legislation contains a variety of measures to enrich the quality of postsecondary education in America. Several current programs that are working extremely well in expanding opportunities and services to postsecondary students have been reauthorized with few modifications. Other areas which demand more urgent assistance have been restructured and strengthened. The combined provisions of S. 1150 ensure that higher education in America will become available to more students while remaining of the highest caliber.

II. Background and Need

This legislation reauthorizing the Higher Education Act some 25 years after its origin is pivotal. As it leads us into the 21st Century, this law must prescribe the Federal role in maintaining the best system of postsecondary education in the world, and in promoting the access of all of our citizens to the education of their choice. In so doing, it must be responsive to modern challenges; the changing nature of our colleage-going population; and the education and training for our future workforce, which must be competitive in a world economy.

We see a different postsecondary population than we saw the Higher Education Act was created in 1965. Despite a gradual decline in the number of high school-aged students in the 1980's, the number of students attending postsecondary institutions continues to rise. Fewer than half of undergraduates today fit the profile of "traditional" student, that is financially dependent upon their parents, enrolled on a full-time basis, below the age of 24, having earned a high school diploma, and being childless. More and more undergraduates are seeking shorter term educational programs in 2-year community colleges or proprietary (for-profit) vocational schools instead of traditional degree programs offered by colleges and universities. Postsecondary enrollment is becoming increasingly minority and is likely to become even more so. From the mid-1970's through the mid-1980's, the minority share of total enrollment rose from 15 to 18 percent, and the nonresident alien share increased from 2 to 3 percent. Postsecondary education now draws most of its students from persons 18-34 years old and minority representation in that age group will grow from 24 to 29 percent by the year 2000.

Testimony before the Subcommittee on Education, Arts and Humanities emphasized that quality postsecondary education is increasingly important because of changes that are occurring in the Nation's workforce. Dr. Arnold Packer, Executive Director of the Secretary of Labor's Commission on Achieving Necessary Skills (SCANS), stressed that our workforce is growing more slowly at the same time that jobs with additional educational requirements are increasing. This mismatch between workers' skills and employers' needs will require upgrading skills for 25 million workers. Also, as more women and minorities enter the workforce, the jobs they have traditionally held are not expanding as quickly. Rapidly changing technologies influenced by global as well as national forces are making some jobs obsolete. Reginald Wilson, a senior scholar with the American Council on Education summed up the mission: "The United States must educate more, and it must educate smarter if it is going to be competitive in the world economy, and if it is going to have the full participation of all of its citizens."

In the past the diversity of the postsecondary student population and the diversity of its needs has resulted in differences among members of the higher education community on reauthorization priorities. The Committee's most remarkable finding from the hearings this year was the unanimity among witnesses on the critical needs that must be addressed by this reauthorization. This legislation specifically responds to each of these needs, which are identified as follows: program integrity; the grant/loan imbalance; middle income access to aid; simplification; the educational pipeline; the teaching crisis; and the postsecondary education infrastructure.

PROGRAM INTEGRITY

Restoring public confidence in student financial aid programs is one of the most serious challenges we face in this reauthorization. The integrity of title IV programs has been harmed immeasurably by persistent reports of fraud and abusive actions by schools and other program participants, especially in the Stafford loan program where profit incentives are great. Nearly every witness in our hearings on title IV echoed the sentiments of Robert B. Knutson, Chairman and Chief Executive Officer of the Education Management Corporation, who stated:

> Every American taxpayer ought to be assured that the more than $20 billion for student loans, grants and work study the Federal Government funds each year goes to needy, deserving students who attend quality institutions. We do not have this assurance now. This is true largely because the independent partners—the states, the regional and national accrediting bodies and the U.S. Department

> of Education—have not fulfilled their respective responsibilities. The solution is not to throw away the current program and start over, but to delineate lines of authority, hold each partner accountable, and pursue vigorously all those who deceive and commit fraud.

The Committee is in complete agreement that the "gatekeeping" and oversight of title IV programs has been lax. Opportunity for a postsecondary education is only meaningful if students can be sure that the institution to which student aid gives them access is a viable one that will provide them with a quality education. That necessitates tough standards for institutional eligibility as promulgated and enforced by the "triad"—the accrediting agencies, the States, and the Federal Government. Each of these partners has a unique role to play: the accrediting agencies to assess and promote educational standards and program quality; the States to protect the student consumer; and the Federal Government to certify the financial and administrative capability of the institutions.

A major new section of the Committee bill will go a long way in improving the effectiveness and accountability of the "triad" in performing their critical roles in protecting student aid programs from abuse, and in guiding program oversight. In developing these provisions, the Committee has been grateful for the valuable information gained from the various audits and investigations by the Department of Education's Office of the Inspector General as well as the hearings conducted by the Permanent Subcommittee on Investigations during the 101st Congress. Such activities and the conclusions reached added to this committee's understanding of the abuses that have occurred in the implementation of title IV programs and issues relating to the operation of the triad and program oversight by the Department.

A goal of this legislation is that my student receiving student aid in the future will know that his or her school is providing a quality educational program. The Committee believes that we must eliminate bad schools from the title IV programs before rather than after they do their damage to the students and the taxpayers. The Committee is equally convinced that in so doing we cannot compromise the diversity of postsecondary education that has served our Nation so well. We must continue to rely on the panoply of colleges, universities, and trade and technical vocational schools to provide the broad range of postsecondary options that will be needed for our future workforce.

Improving the standards for institutional participation in title IV programs will go a long way towards the Committee's goals of increased accountability and program integrity. Nevertheless, the Committee continues to believe that increased efforts to reduce student loan defaults are also necessary. Student loan defaults have grown dramatically in the 1980's, and are expected to reach an all-time high this fiscal year. The consequences of this situation have been far reaching for the programs themselves as well as for the millions of students who have been victims of unscrupulous persons seeking profits through fraud and abuse.

Stafford loan defaults of an estimated $3.6 billion in FY 1991 constitute over half of the annual program costs. This part of the

Stafford loan budget has grown by nearly $2.5 billion since 1986. In large part such costs result from increases in program borrowing which have led to growth in the volume of loans in repayment that are subject to default. Of particular concern to the Committee, however, is that the default rate has not begun to decline. Our understanding of the extent of the default problem and its causes is frustrated by the continued lack of program data to guide our policy decisions. The Committee felt this frustration in 1986 and included the authorization for a National Student Loan Data Bank so we would have some statistical basis for program decisions by now. We decry the fact that not only is this data system nonexistent, but it may not be operational for several more years.

The impact of defaults on the Federal budget hassled to the inclusion of major default control provisions in the last two budget reconciliation laws, the Omnibus Budget Reconciliation Act of 1989, P.L. 101-239, and 1990, P.L. 101-508. Fundamental to both these laws were provisions to sanction schools whose students default at high rates by limiting their participation in the Stafford loan programs. In this reauthorizing legislation, the Committee supports the continuation and strengthening of the default control provisions of the 1989 and 1990 reconciliation laws, including the sanctions against high-defaulting schools. We have concluded, however, as we had in a Committee proposal in the 100th Congress, that program sanctions should be limited to schools, but should extend to lenders as well. The legislation also includes many new provisions to further strengthen incentives for all parties in the Stafford loan programs to reduce defaults and improve collections on defaulted loans.

Grant/Loan Balance

Another critical need for this reauthorization is to restore the Pell grant as the foundation of Federal student aid for financially needy students. Particularly in the 1980's, loans have replaced grant aid as the primary source of assistance for needy students to attend postsecondary schools. In the mid-1970's, for example, about three-quarters of Federal student aid was available in grants; by the late 1980's, roughly two-thirds of such aid was available in loans. This represented a fundamental shift in the original purpose of these programs: grants were to be the foundation of aid, with loans providing supplementary assistance for middle income families.

The Committee recognizes the reasons why grant/loan imbalance has occurred: loans are cheaper to the Federal Government than grants, a critical consideration during this period of huge Federal deficits. Loans leverage about $4 in assistance for every $1 of Federal spending whereas the total cost of grants is borne by annual Federal funding. Loans are also entitlements, subject to curbs on spending only through the reconciliation process, while grants must compete for funds in the annual appropriations process with multitudes of other educational and social program priorities.

But the Committee believes that what may have been good budget policy has not been good policy for student aid programs. As a result of the grant/loan shift, Pell grant eligibility has been increasingly limited to the most financially needy students, and the buying power of the grant has been dramatically reduced; students who are at the highest financial risk of default are forced to turn to loans to finance their postsecondary education.

Edward M. Elmendorf, representing the American Association of State Colleges and Universities, testified before the Subcommittee regarding the effects of the grant-to-loan shift on the Pell grant program. He noted that the income eligibility cutoff for Pell grants after adjusting for inflation has dropped $13,000 since the late 1970's. The diminished buying power of Pell grants is also notable. According to College Board statistics, in the mid-1970's, the average Pell grant paid 46 percent of the average cost of attendance at a 4-year public school and today pays about 30 percent; for attendance at expensive private schools, the Pell grant paid about 17 percent 15 years ago and pays a mere 9 percent today!

The implication of the decline in the purchasing power of the Pell grant is clear: needy students have no choice but to turn to loans. The Committee heard time and again the consequences of this dilemma. Low income students are at the highest risk of defaulting on loans. Directing Federally guaranteed loans to borrowers at highest risk of default is a contradictory and self-defeating policy and we are seeing its result in the $3.6 billion in default costs we will pay this year. But the more serious consequences are for students who must incur unreasonable levels of debt and may then be driven from lower paying jobs such as teaching, social work, or other public service occupations to afford student loan repayments; or who default on their loans because they cannot find jobs with income sufficient to repay the loans, and jeopardize their future access to credit and to student aid.

This legislation will restore the relationship between grants and loans that was originally envisioned for title IV programs: grants will be the foundation of aid for needy students; loans will be a supplementary program to help students and their families pay for a college education. The Committee believes that this will be accomplished by providing larger Pell grants for more students and by assuring that funds will be available to pay for them. This is one of the highest priorities for this reauthorization.

MIDDLE INCOME ACCESS TO STUDENT AID

Another casualty of the budget crisis has been diminished access of the middle class student to Federal student aid. Stafford loans, which were established as the source of aid for middle income students, have been redirected to lower-income borrowers as grants have become insufficient to serve the neediest students. The Committee believes that eligibility for title IV programs must be expanded to include middle income students once again so that all students will have the opportunity to pursue the postsecondary education of their choice.

The Middle Income Student Assistance Act, or MISAA, enacted in the late 1970's, provided the broadest access to title IV programs to date after a period of rapidly rising college costs: all financial need requirements for Stafford loan eligibility were removed and Pell grant need analysis was somewhat relaxed. However, middle income access to title IV assistance steadily eroded in the 1980's with successive changes to the Stafford loan program. The Omnibus Budget Reconciliation Act (OBRA) of 1981 reinstated a need requirement for Stafford loans for families with adjusted gross incomes exceeding $30,000, and the last reauthorization of the HEA required a need test for all subsidized Stafford loans, title IV assistance for middle income students, therefore, is now limited to PLUS loans for parents or Supplemental Loans for Students (SLS) for independent students, both of which are subject to limited availability.

The Committee believes that continuing to deny the access of middle income students to substantial title IV assistance is both unfair to the middle class taxpayers, who have the burden of paying for the student aid programs, and belies the goal of equal access to postsecondary education which has been the cornerstone of the HEA since its beginning. College costs have outpaced inflation each year for the last decade, and the disposable income of a typical family has not begun to keep pace. Since 1980, total average costs of attendance for public and private colleges rose about 45 percent while median national disposable income rose only about 15 percent. In the 1990–91 academic year it cost an average of approximately $5,000 to attend a public 4-year college, but over $16,000 to attend a private university! The middle class is effectively being squeezed out of postsecondary options: low income students are eligible for most title IV programs, often supplemented by State or institutional aid for attendance at higher-cost private institutions. Students from high income families can either pay outright for their college expenses or have access to private loan programs because of their low credit risk. With no Federal or personal resources to draw upon, middle income students have no choice but to attend the less expensive public schools or opt for shorter-term educational programs.

In the 100th and 101st Congress, legislation reported by this Committee and passed by the Senate would have eliminated the gross inequity built into the need analysis formulae working against middle income families by excluding homes and farms in the calculation of a family's assets. Quite simply, the Committee believes that middle class and working families should not be forced to sell their home or farm or even use these entities as collateral, in order to pay for student expenses. There was no action on this legislation by the House, but the Committee continues to conclude that a provision changing the treatment of non-liquid assets is necessary to reopen student aid programs to middle class families. In addition, the Committee believes that the SLS program, now limited to independent students, should be made available to dependent students who can demonstrate that they are creditworthy, such as by providing a cosigner for their loan application.

SIMPLIFICATION

Another major theme that has been obvious to the Committee in considering this legislation is simplification. The need for program simplification is pervasive for title IV—from the student's application for aid, to the calculation of need, to the administration of the program.

In 1989, the Committee asked the National Advisory Committee on Student Financial Assistance, created in the 1986 amendments to the HEA, to identify and explore issues for this reauthorization of the Act. In its report, "Priorities for the 1990s: Recommendations for Reauthorizing the Higher Education Act of 1965," the Advisory Committee identified program simplification in the delivery of student aid as a major issue:

> Currently the complex system of determining eligibility for and awarding student financial aid simply confounds many students and families, particularly students and families from at-risk populations. Despite progress made by Congress to simplify the process, both the need analysis models and the delivery system remain unnecessarily complex. In part, this is due to ambiguities in the system that unintentionally focus on data collection and need analysis issues relating to higher income financial aid recipients.

There are a number of components to the problem of simplification of the delivery of aid that have been noted by the Advisory Committee as well as number of witnesses from the higher education community testifying in our reauthorizing hearings. The application forms, of which there are six different varieties, are too complex with too many questions and instructions. Even the Federal form, containing only the basic information required for Federal aid applicants, has over 50 questions and 10 pages of instructions that are at least as intimidating as those produced by the IRS. The Committee believes that one way to decrease some of this burden is to simplify or eliminate certain conditional requirements that apply to very few students and complicate the application process.

The Committee is also concerned that despite the provisions in the 1986 amendments that established a free Federal application form, estimates are that less than 30 percent of student applicants use free Federal processing. In many instances, this appears to be because States and institutions require additional information to determine eligibility for nonfederal aid. The firms processing the application data under contract with the Department of Education may receive payments from States and institutions for these data and continue to charge students a fee for processing the nonfederal data. In addition, students must reapply for aid annually using the same detailed application forms and paying another fee despite the fact that financial circumstances, especially for needy, rarely change from year to year.

The Committee has therefore taken additional steps to encourage the use of the free form and provide incentives to States and institutions to use only the Federally required or to reduce the cost of processing additional data requirements. We also require the Secretary of Education to move in the direction of a simplified reapplication process.

In 1986, we also took a major step to reduce the application burden for the lowest income families by establishing a "simplified" needs test. The Committee is concerned however that only 17 percent of those eligible use the simplified version. Measures in this bill will expand and even further simplify the need analysis test for the poorest families.

The Committee believes that the existence of two separate need analysis systems—one establishing eligibility for Pell grants, and the other establishing need for Stafford loans and other title IV aid programs—unnecessarily complicates the delivery of student aid. After a thorough examination of these systems and their purposes, we have concluded that their integration into one formula will increase the efficiency of processing and delivering aid to students. One formula and one expected family contribution to educational expenses will provide an essential consistency in the treatment of Federal student assistance programs, and greatly simplify the whole process for students and their parents.

The simplification of aspects of student aid program administration is also a critical need. This is most notable for the Stafford loan program, which is largely operated through 46 State and private nonprofit guaranty agencies. In testimony before the Committee, Lawrence A. Hough, President and Chief Executive Office of Sallie Mae urged,

> A major objective of program simplification should be the development of standards for application forms, data exchanges, and program rules across guarantors. Early success in the adoption of a few far reaching standards could serve as the industry's wake-up call for other simplification efforts. Such an initiative should not occur in isolation, but in full and open consultation with program participants.

The Committee has responded to these and other recommendations for standardization of program data and rules with provisions that we believe will considerably aid in the efficient operation of all the student aid programs. This includes a requirement for negotiated rulemaking, which we believe will facilitate the timely enactment of workable rules.

STRENGTHENING THE EDUCATIONAL PIPELINE

Without question, one of the most striking themes that emerged from the hearings conducted by the Subcommittee on Education, Arts, and Humanities was that postsecondary education cannot and must not be viewed in isolation, as unconnected from the rest of the educational pipeline. The strength and vitality of our postsecondary education institutions are clearly dependent upon the health of those other parts of the educational system that serve our young children and our youth.

One of the fundamental objectives of the Higher Education Act is to provide access to postsecondary education. Nevertheless, the objective of postsecondary education access will remain beyond our reach if we do not recognize that such access includes, not only enabling high school graduates of different racial and ethnic backgrounds and from all income ranges, to meet the financial costs of entering college, but also producing high school graduates from all of these groups who are prepared and motivated to enter college. During these hearings, Committee members heard testimony focused on ways of bringing more of our young children and youth, particularly those who are educationally and economically disadvantaged, farther through the educational pipeline so that their skills and talents can be fully developed.

The educational pipeline leaks; of that there is no doubt. Dr. Reginald Wilson, senior scholar in the Office of the President of the American Council on Education, in testimony before the Subcommittee quoted from the report "One-Third of a Nation":

> America is moving backward, not forward, in its efforts to achieve the full participation of minority citizens in the life and prosperity of the Nation.

According to data presented by Dr. Wilson, participation in higher education by minorities deteriorated in the past decade and a half. He reported that the participation rate in 1976 for 18-to-24-year-old African American high school graduates was 34 percent, by 1989 it was below 30 percent. For 18-to-24-year-old Hispanics, the participation rate fell from 35 percent to 28 percent during that same period.

Also, the Committee believes that for our Nation to achieve the promise of the Americans with Disabilities Act, that persons with disabilities have the opportunity to participate fully in the economic, political, educational, social and cultural mainstream of our society, it is essential that all components of our educational system, including postsecondary education, assist in reaching these goals. Thus, Federal higher education legislation must seek to expand opportunities for all students, including those with disabilities.

The Committee is convinced that more needs to be done to ensure that all economically and educationally disadvantaged youth who can benefit from postsecondary education will in fact have a chance to do so. During its deliberations on this legislation, the Committee identified early intervention and early awareness programs as among the most powerful responses to these pipeline concerns. Early intervention programs combine the promise of financial assistance to meet college expenses with a system of elementary and secondary school mentoring and advising that helps disadvantaged youngsters stay the course, finishing high school and pursuing a college education. The financial aid is predicated upon a student successfully completing high school. A number of States have enacted such programs, including Rhode Island, Louisiana, New York, Indiana, Arkansas, and Florida. States have acted in response to the development of similar programs on the local level by such innovators and pioneers as Patrick Taylor in Louisiana and Eugene Lang in New York City.

The Subcommittee heard strong testimony on behalf of such efforts, including that from Rhode Island Commissioner of Higher Education Americo W. Petrocelli:

> Programs that comprehensively address the needs of low-income children throughout their educational careers offer promise of considerable financial rewards to these students, the state, and the Nation. We already know what works in using higher education as an agent to tune low-income students and their families into the importance of continuing in education.

Among various programs, he described the Rhode Island Children's Crusade for Higher Education which merges academic support and financial incentives to motivate youngsters and their parents, as early as the 3rd grade, in the pursuit of education. Higher education no longer appears out of reach to these families.

In addition, the Committee's legislation takes new steps to encourage early intervention and awareness. The legislation establishes a new early intervention program that will support States as they move to adopt these programs. Better awareness of the opportunities available is promoted through support for a new information campaign to address the lack of knowledge among potential college students and their families about available Federal student assistance.

Complementing the early intervention programs are efforts to ensure that elementary and secondary school students and their families are knowledgeable about available financial assistance and other support services for postsecondary attendance. The recruitment campaigns successfully launched by the Army, among others, make it clear that it is not beyond the capacity of Federal agencies to promote broad awareness of opportunities.

This reauthorization legislation is a multi-faceted response to the need to strengthen the educational pipeline. In addition to extending the important programs of institutional assistance to historically black colleges and universities, and other colleges serving substantial numbers of low-income and minority students, it continues the long-standing Federal commitment to the TRIO programs. These programs currently reach out to educationally and economically disadvantaged youth and young adults, providing them with the support services, such as tutoring, counseling, and information dissemination about financial aid, necessary to completing high school and pursuing postsecondary education.

THE TEACHING CRISIS

Access to postsecondary education and improvement of the educational pipeline will remain a chimera unless the education provided by the elementary and secondary schools of this Nation is reformed. At the heart of the educational enterprise are the dedicated men and women who teach this Nation's children. It is folly to attempt reform of our elementary and secondary schools without providing its teaching force with the best training and the most effective professional development possible.

The hearing record developed for the legislation in the 101st Congress and during the Higher Education Act reauthorization process leaves no doubt that strengthening and revitalizing the teaching force is the sine qua non for accomplishing elementary and secondary education reform. As a Nation, we have an opportunity that must not be missed. About 2.5 million public and private school teachers may have to be hired during the course of the 1990's. The capabilities and energy of those individuals will determine whether or not we succeed in making a world class educational system. We must also not lose the talent that is already in our classrooms. The 1991 Metropolitan Life Survey of the American Teacher, conducted during the 1990-91 school year by Louis Harris and Associates, found that the percentage of public school teachers who said they were likely to leave teaching within the next 5 years was 19 percent. Although this percentage is smaller than in previous years, it is still substantial and we are concerned that among those likely to leave are many able teachers.

As a Nation, we face critical shortages in the elementary and secondary teaching ranks. There does not appear to be a generalized shortage of teachers; rather, shortages are occurring or are likely to occur in specific fields, among teachers of different backgrounds, and among teachers in different geographic areas. Among our most significant shortages may be that of individuals qualified to teach the newly emerging curricula in mathematics, the sciences, and other subjects. We need more special education teachers. The "Thirteenth Annual Report to Congress on the Implementation of The Individuals with Disabilities Education Act" (U.S. Department of Education, 1991) concluded that, for 1988-89, nearly 28,000 additional special education teachers were needed because of vacancies or current employment of uncertified staff. We also need more bilingual education teachers.

We need more minority teachers. This shortage is not debatable. With a public school enrollment that is nearly one-third minority, only a tenth of the teaching force is minority. Survey data from the American Association of Colleges for Teacher Education show that the teacher preparation pipeline has relatively few minorities and is currently, therefore, unlikely to meet these needs. Addressing the shortage of minority elementary and secondary teachers is a critical step to increasing postsecondary participation of minority students. Dr. Kathryn Mohrman, Dean for Undergraduate Studies at the University of Maryland made that clear when she told the Subcommittee on Education, Arts, and Humanities:

> Much has been written about the declining numbers of minority teachers at a time when our elementary and secondary schools serve ever increasing proportions of students of color. We have a special need for teachers that can serve as role models for our young people in the schools. We will never have our desired participation rates in college of African Americans and Latinos unless these students complete high school and see the value of higher education for their lives.

The Committee has labored long on this legislation. More than a year ago, it reported the National Teacher Act of 1990, the product of some two years' work. That legislation fell victim to the problems encountered by the 101st Congress as it sought to pass legislation regarding national education goals and educational excellence. The current legislation incorporates many of the programs proposed during the 101st Congress, as well as new initiatives developed this year. Title V of the Act, as reconstituted by the Committee, authorizes programs that will recruit, develop, and retain the highly qualified elementary and secondary school teachers necessary for our students to reach the levels of academic achievement critical for the future competitiveness of the Nation.

THE POSTSECONDARY EDUCATION INFRASTRUCTURE

Principally through the Pell Grant and Guaranteed Student Loan programs, the Higher Education Act supports an educational marketplace in which students, aided by this Federal student assistance, can select among postsecondary education institutions. The Committee recognizes that the effectiveness of this marketplace depends, in part, on the capacity of postsecondary education institutions to serve Federally aided students, as well as all other students. This capacity is a function of the health of postsecondary education's infrastructure, which includes, among other things, institutional bricks and mortar, college libraries and technology capabilities, academic program offerings, and student services.

One of the most compelling infrastructure needs involves the physical condition of the facilities themselves. Currently, these facilities threaten the ability of our postsecondary education institutions to educate new generations of leaders and professionals who will take our Nation, socially, economically, and scientifically into the 21st century. Dr. Richard P. Traina, President of Clark University in Massachusetts, provided the Subcommittee with materials describing the facilities' deficiencies in several dozen major U.S. colleges and universities. It was disturbing to observe that these deficient and deteriorating facilities are keeping some institutions from being able to instruct students in new scientific and technological areas of study, critical to the Nation's economic competitiveness. Furthermore, important research experiments and equipment are being jeopardized in these buildings. Title VII, as reauthorized, will address these needs.

This legislation works in a variety of other ways to strengthen the postsecondary infrastructure which undergrids our efforts to expand access to postsecondary education. Many different components of the legislation respond to this concern, such as the title I postsecondary improvement programs, the title II programs for libraries, and the title III institutional aid. Additionally, the Committee bill fortifies and expands student service and academic programs, including international education programs under title VI, cooperative education under title VIII, graduate education served by title IX, and urban community service under title XI. Such programs ensure access to a quality postsecondary education with a diversity of education and extracurricular opportunities.

III. COMMITTEE VIEWS

In reauthorizing the Higher Education Act the Committee, in general, pursued a policy of terminating authorized programs that had not received appropriations over the past five years. The major exception to this policy is the continuation of the Special Services for Child Care program in title IV, with an increase from $10 million to $25 million in authorized appropriations as provided in an amendment accepted in Subcommittee.

TITLE I—POSTSECONDARY IMPROVEMENT AND COMMUNITY SERVICE

In the following the general policy of terminating unfunded programs, part A, Program and Planning Grants, and part B, National

Programs, are repealed. The National Advisory Council on Continuing Education, authorized under part C, completed its works in 1987 and was discontinued; accordingly, part C is also repealed. Part D, the Student Literacy Corps, is currently funded and is retained as an integral part of title I, which the Committee has restructured to emphasize the importance of strengthening postsecondary improvement and community service programs.

Part A—Institutional Assistance

Subpart 1—Fund for the Improvement of Postsecondary Education

Part A strengthens and expands the scope of the Fund for the Improvement of Postsecondary Education (FIPSE), which is reauthorized as subpart 1. For twenty years, FIPSE has been a catalyst for innovation and improvement of postsecondary institutions and opportunities, providing essential support for individual projects that have become models for reform for the larger community. Whether it is in support of programs in international business education, community service, or in science and engineering, FIPSE projects represent the type of innovation and imagination that has made this country the world's leader in college and university education.

The Committee commends FIPSE for its past successes and hopes that the increased authorization of $20 million and such sums will encourage FIPSE to take on even greater responsibilities in the future. This legislation makes clear that grants may be awarded not only to institutions of postsecondary education but also to public and private nonprofit institutions and agencies. Funds are to be used for a variety of purposes, including the reform and improvement of postsecondary education and the provision of equal educational opportunity for all segments of the population. The Committee expects the FIPSE will continue to encourage innovative programs to ensure that colleges and universities remain of the highest quality, and that students receive an education that allows them to live in an increasingly complex world.

Subpart 2—Innovative Programs at Institutions of Higher Education

In light of the accomplishments of FIPSE, the Committee has established a new subpart 2, Innovative Programs at Institutions of Higher Education. This program authorizes the Secretary to provide matching grants to State higher education agencies to fund postsecondary improvement programs at the State level. The Committee has purposely left wide latitude with respect to program parameters in order to allow States flexibility in funding programs and projects to improve the overall quality of postsecondary education. When appropriations are less than $10 million for subpart 2, the Secretary is authorized to administer a competitive grant program; when appropriations are equal to or greater than $10 million, grants are distributed to States on the basis of population (50%) and on the number of full time equivalent students served (50%). Funds are to be appropriated for this subpart only when appropriations for subpart 1 exceed $20 million.

Part B—Community Service Programs

Subpart 1—Innovative Projects for Community Service

Part B reinforces the Committee's longstanding support for community service, particularly the overwhelming need to combat illiteracy. Institutions of higher education are a particularly effective means of providing valuable community service by encouraging students and student organizations to become active participants in such program. Subpart 1, Innovative Projects for Community Service, accomplishes this purpose, providing grants to institutions and organizations to fund innovative community service projects. This program, formerly under title X, part C, is amended to specify that projects include research on the effects of student service organizations. Further, such projects may, among other things, provide assistance to student organizations working with community service organizations, assist linkages between youth corps and higher education institutions, and support international student service programs. An expanded definition of the term "community service" provides that such services should be designed to improve the quality of life for community residents and may address, among other problems, illiteracy, education, health, and child care.

Subpart 2—Student Literacy Corps

This legislation reauthorizes the Student Literacy Corps, which is under part D of current law. According to recent estimates 23 million American adults are functionally illiterate. This level of illiteracy has tremendous costs to the Nation in terms of public welfare expenditures, unemployment benefits, and lost productivity. It is not surprising, even though astounding, that 75% of unemployed adults have reading or writing difficulties.

One solution to this problem is the approach in this legislation, which provides student reading tutors to illiterate Americans. It is estimated that adult student reading scores improve approximately one grade level with 35 to 45 hours of tutoring. The purpose of the Student Literacy Corps is to provide grants to higher education institutions to establish courses that grant students academic credit for serving as reading tutors. Agencies that receive student volunteers must serve educationally or economically disadvantaged individuals. the program is modelled after the project developed in 1969 at the University of Miami by Norman Manasa. The principal ideas is to harness the energy of college students in combating illiteracy by giving them credit for tutoring services. The Student Literacy Corps has proven to be a most effective instrument in attacking the severe illiteracy problem confronting our Nation, and the Committee strongly supports its continuation.

Both part B programs have enjoyed success to date. The Innovative Projects program was first funded in FY 1987; the Student Literacy Corps, in FY 1989. The FY 1992 budget request of the President suggested merging these two programs because both provide for student work in the community. The Committee feels that the current effort to combat illiteracy under the Student Literacy Corps is sufficiently important to support a separate program; as a result, the legislation maintains the distinction between these two very valuable programs.

TITLE II—ACADEMIC LIBRARIES AND INFORMATION SERVICES

As witnesses pointed out at hearings on Title II, college and research libraries collectively represent the resource infrastructure which supports not only undergraduate and graduate education but also academic research and development, as well as experimental and development research beyond the campus. Academic and research libraries are invaluable in promoting our national interests, for they store the collective resources representing our national history, foster U.S. educational achievement and economic development, and provide for an informed government and citizenry.

Title II provides grants for training and research, aid to develop and improve access to research collections, and support for implementation of new technologies to expand information access. For 25 years libraries have, with the stimulus of such Federal assistance, organized, standardized, and shared information about published materials, using the latest information technologies. Libraries are now at the threshold of a new era of electronic information made possible by high performance computers and high-speed, high-capacity electronic networks such as the evolving National Research Education Network. The capacity of these emerging technologies to strengthen and expand the role that libraries can play on our college campuses and throughout society cannot be overestimated. They enable libraries to make their holdings available in a multiplicity of ways and places, increasing access to information dramatically.

Through reauthorization, the Committee intends to build upon these emerging technologies by providing a stimulus to projects such as those which: enable smaller and needier institutions to gain connectivity to the new networked environment; promote the expansion of library and information services to the disabled; provide for sharing of non-print resources, such as photos, maps, manuscripts, and sound recordings; preserve electronic as well as traditional forms of library and information resources; and educate a new generation of library and information professionals recruited from diverse backgrounds to provide services to an increasingly diverse population.

The Committee is deeply concerned about recent Administration proposals for elimination of library programs in the budget request process, which indicate that staffing needs for library programs may suffer in spite of consistent Congressional support. Accordingly, the Committee specifies that title II programs be administered in the Department of Education by appropriate experts in library technology, library education, and related fields.

Part A—College Library Technology and Cooperation Grants

Part A of Title II, College Library Resources, which has not been funded since FY 1983, is deleted. To emphasize the focus on electronic technology and the sharing of resources, the Committee has moved the current part D, College Library Technology and Cooperation Grants, to part A. This new centerpiece of Title II focuses Federal assistance on encouraging institutions to take advantage of rapidly changing information and telecommunication technologies. Competitive grants will be made for periods of up to 3 years to institutions that have a special need for assistance in utilizing information technologies, as well as to institutions and organizations conducting research and demonstration projects to meet special national or regional needs. Other organizations, including public telecommunications stations and services, are also eligible for grants, because they are instrumental in using new technologies to facilitate and enhance access to information. The Committee believes, however, that such grants are to be cooperative efforts between libraries and public telecommunications stations and services. The Committee is aware that substantial funding is required for even the smallest college libraries and has therefore raised the minimum award to $25,000 and established a ceiling of $50,000 per institution.

Part B—Library Education, Research, and Development

The Committee was troubled by testimony from the American Library Association documenting the acute shortages of librarians and library educators. In the United States, there are fewer than 200,000 librarians, and almost 40% of them will be 65 years of age or older by the year 2000. Of the 550 graduate library school faculty in the country, about 50% will have retired by the year 2000. Of particular concern is the shortage of minority librarians: over the past decade, minorities have comprised only 7.7% of those receiving graduate degrees in library and information science, while approximately one in four Americans is a member of a racial or ethnic minority group. A more diverse population demands comparable diversity among library and information science professionals.

Part B of title II will continue to support training and research, but it has been amended to place greater priority on aiding graduate students in library science and on the recruitment and retention of minorities. Minority recruitment, for example, is listed specifically as a priority under section 222, Library Education and Human Resource Development. The Committee is concerned that stipend amounts for fellowship recipients have not been adjusted regularly, and encourages the Secretary to raise the current stipends and to establish a process for making adjustments in stipend levels as needed.

Testimony before the Committee indicated that part B is one of the very few sources available for research in library and information science. The Committee has therefore continued the Research and Demonstration program with additional language authorizing projects to enhance library services through effective and efficient use of new technologies. Since needs in the field change over time, the Committee has also added language requiring the Secretary to consult with organizations representing library and information science professionals in determining critical needs in library education and in determining priorities for research grants.

Part C—Improving Access to Research Library Resources

Part C, which authorizes grants to institutions with major research libraries, is reauthorized with no changes other than an amended heading and the deletion of an outdated provision regarding funding under the former part A. Through its hearings, the Committee became aware of the invaluable role that part C has played in contributing to the strengthening of collections and in facilitating the sharing of resources. Dr. Frank G. Rothman, provost of Brown University, testified before the Subcommittee on Education, Arts and Humanities concerning the expanded availability of research collections at his institution through interlibrary loans. And a study by the Association of Research Libraries further illustrated how part C programs were particularly significant in aiding scholarly access to special collections, increasing the preservation of deteriorating library materials, and stimulating collection deployment.

The Committee would like to see future projects which, among other things: identify, allow for, and encourage access to unique scholarly and research resources located on campus but not within the administrative control of the library; convert print and graphic materials to machine-readable format and encourage the widest possible access; develop improved methods of cataloging and indexing; investigate preservation issues; support new experimental preservation technologies; expand the program to include acquisition of or access to large databases and data sets; and encourage more inter-institution cooperation and collection development between research libraries and non-library repositories of research information.

TITLE III—INSTITUTIONAL AID

Since its original enactment in 1965, title III of the Higher Education Act (HEA) has been a significant source of Federal support for higher education institutions serving economically disadvantaged and minority college students. It is currently the largest source of direct Federal aid to higher education institutions authorized by HEA. The title is a key element in the Federal efforts to promote access to higher education.

Part A assists schools that enroll substantial percentages of students receiving Federal student assistance and that are constrained to spending relatively low amounts on their students' education. These funds can be used for development of faculty, improvement in funds and administrative management and acquisition of equipment to that end, enhancement of academic programs, joint use of facilities, and student services.

The Nation's historically black colleges and universities receive much needed resources under Part B, Strengthening Historically Black Colleges and Universities, to support such activities as acquisition of scientific or laboratory equipment, enhancement of instructional facilities, faculty development, development of academic instruction in disciplines experiencing underrepresentation of African-Americans, acquisition of instructional materials, tutoring and other student support services, improvement of funds and administrative management, and joint use of facilities with other institutions. Five historically black graduate and professional schools have also been assisted under part B.

Part C authorizes Endowment Challenge Grants that enable institutions eligible for parts A and B to establish or expand endowment funds. With more robust endowments, these institutions will be more capable of controlling their own academic destinies.

The Committee bill makes several changes to the current programs authorized by title III. As a result of the bill's amendments to the section on Findings and Purposes, this section will more fully reflect the focus of these programs on enhancing schools that serve high percentages of minority and low income students. Language expressing concern about sustaining these schools through periods of declining enrollment is deleted, as is language concerning continued participation of institutions in title III programs.

Part A—Strengthening Institutions

With regard to part A, the bill amends current law to remove the requirement that institutions receiving grants of 4- or 5-years' duration are ineligible to receive additional part A assistance for a comparable period of time after completion of the grants. Given the dimensions of need at participating institutions, the "wait-out" or "sit-out" period is not justified. Institutions no sooner successfully complete a 4- or 5-year title III, part A project, then this source of revenue ceases to be available to address other important deficiencies. Nevertheless, the Committee recognizes that part A assistance should be more widely available to institutions and, therefore, requires the Secretary of Education to give priority in awarding part A grants to institutions not already receiving such grants.

The Committee has proposed a new program with a separate authorization under part A of title III. It is intended to provide grants to colleges and universities which have significant enrollments of Hispanic and other low-income students to enable such institutions to improve their capacity to expand educational opportunity and attainment.

Over the past ten years, the disparity in educational opportunity between Hispanics and other Americans has become increasingly apparent. Congressional hearings held in 1983, specific to postsecondary education concerns, underscored the very serious problems confronting Hispanic student access to and participation in postsecondary education. State and regional studies and commissions have echoed similar findings: Hispanics have the lowest college participation rates for persons 18–24 years old of any major race or ethnic group and attain degrees at much lower rates than white students.

Hispanic college enrollment is lower than for other major population groups. In 1989, only 16.1% of Hispanic youth ages 18 to 24 were enrolled in college, compared to 23.5% of all African-American and 31.8% of White 18–24-year-olds. In 1988, Hispanics accounted for only 3.6% of all students in four-year higher education institutions.

Efforts to correct this severe underrepresentation of Hispanics in postsecondary education have been woefully inadequate. All too often, responses that could be found were targeted too broadly, constructed too narrowly, or underfunded. For example, with the exception of the Pell Grant program, Federal higher education programs seriously underserve Hispanics.

The Committee found that the lack of adequate programs and funding is particularly unfortunate because the postsecondary enrollment patterns of Hispanic students present clear opportunities for significant and positive interventions. Hispanic students are extraordinarily concentrated in a relatively few institutions. There are approximately 115 institutions of higher education that have Hispanic enrollments of at least 25% or more. Students at these institutions are frequently low-income first generation college students, and the institutions themselves are schools without substantial wealth or financial resources.

The Committee also believe it is clearly in the National interest to increase Hispanic participation in postsecondary education. By the year 2010, minorities will comprise over 50% of the Nation's work force, with Hispanics constituting the greatest portion of the minority work force. Because the United States' global competitiveness depends on a highly trained work force, it is critical to ensure that the labor force is as well trained and educated as possible.

The Committee believes that providing a minimum level of assistance to eligible Hispanic-serving institutions will assure their continuance and enhance their role in providing access and quality education to Hispanic and other low-income students and their participation in fulfilling the Federal mission of equality of educational opportunity.

The Committee provisions address the capacity building needs of Hispanic-serving institutions and their low-income students. The funding provision permits those activities currently authorized under Title III, Part A and, in addition, allows the acquisition of scientific or laboratory equipment for educational purposes, the construction, maintenance, renovation and improvement in instructional facilities, and the development and or expansion of centers designed to increase the transfer rates of Hispanic and other low-income students from two-year to four-year institutions, and academic partnership collaborations focused on assisting Hispanic-serving institutions to plan and coordinate their campus-based efforts more effectively with existing successful Hispanic student development programs, such as the National Council of La Raza's Project Excel and the Hispanic Student Success Program.

Part B—Strengthening Historically Black Colleges and Universities

Among other changes, part B is amended to authorize new uses of its funding, increase the minimum grant size, and expand the number of black graduate and professional schools eligible for assistance. The Committee believes that historically black colleges and universities will benefit if they undertake sustained and focused steps to increase alumni and private sector support. To foster such action, the bill newly permits part B assistance to be used for establishing or improving institution's development offices. Further, as evidence has mounted that minority representation in the Nation's teaching force is diminishing, the Committee has responded by amending part B to permit these funds to be used to establish or enhance teacher education programs that will enable students to meet teacher certification requirements. The Committee has also added language permitting funds to be used for telecommunications technology equipment and materials, which should serve as an incentive for title III institutions to use such technologies as part of their education services. Fiscally, it is appropriate that historically black colleges and universities have the flexibility to identify and support other activities, related to the overall purposes of this program, with part B funds. The bill provides that authority, requiring, though, that such activities be approved first by the Secretary of Education.

Current law provides that the minimum grant awarded under part B cannot be less than $350,000. The Committee bill raises this minimum to $500,000. Those small institutions that have been receiving the minimum grant since the FY 1987 allocation of funds will now share in part B funding increases and receive grants that are of sufficient size to accomplish title III objectives.

Section 326 is amended to increase the number of historically black graduate and professional schools identified for part B funding. These institutions award graduate and first professional degrees in disciplines important to the Nation and the progress of African-Americans. The Committee has included language that protects the funding of the 5 schools originally included in Section 326. Those institutions will continue to receive assistance until their current grants expire or September 30, 1993, whichever is later. In the event the annual appropriation for Section 326 is $12,000,000 or less, then these funds are to be made available only to the original 5 schools. Finally, the Secretary is limited to awarding 1 grant per fiscal year under Section 326 to any higher education institution or university system. Thus, Texas Southern University's Schools of Law and Pharmacy cannot both be awarded grants in a single fiscal year.

Part C—Endowment Challenge Grants for Institutions Eligible for Assistance Under Part A or Part B

The bill repeals statutory language in part C authorizing the Challenge Grant Program, whose last multi-year awards expired in FY 1987.

A number of significant amendments are made to the current Endowment Challenge Grant Program authorized by part C. Among these amendments are the following: To permit the Secretary to award more substantial grants when appropriation levels can sustain them, the bill raises the maximum grant in stages. The maximum grant is capped at $500,000 when the annual appropriation for the Endowment Challenge Grants is less than $15,000,000. The maximum rises to $1,000,000 when the appropriation is equal to or greater than $15,000,000 and less than $25,000,000. At an appropriation level of $25,000,000 or more, the maximum increases to $1,500,000. Regardless of the maximum grant, the institutional matching requirement is $1 for every $2 from the Federal Government.

The bill reduces the "wait-out" period following the period in which institutions received large Endowment Challenge Grants from 10 to 5 years, and provides, as does current law, that the "wait-out" only applies to recipients of grants exceeding $1 million. This reduction in the "wait-out" is appropriate because it will strengthen endowments by fostering more substantial and sustained fundraising by eligible institutions. To serve institutions that may have previously participated in parts A or B, but which are not currently doing so, the bill amends the statute to authorize Endowment Challenge Grants for schools that received assistance under part A or B within the past 5 fiscal years. A final amendment to this section strikes a provision which limits grant awards and which is now redundant given the new caps outlined above.

Part D—General Provisions

The Committee bill makes several modifications to the treatment of the part A appropriation. It provides that 25 percent of the amount by which the annual part A appropriation exceeds the FY 1986 funding level for part A ($61,000,000) is to be awarded to eligible institutions with a very high percentage of students who are African-Americans, Hispanic Americans, Native Americans, Asian Americans, Native Hawaiians, or Pacific Islanders, or combinations thereof. Current law directs these funds to institutions with the highest percentage of such students. The Administration has argued that the language in current law forces it to fund institutions with very low ranked part A applications, but with the highest percentages of minority students. The modified language in the Committee bill will add flexibility to the application of this reservation, thereby addressing this problem, but retain a focus on minority enrollment, which is clearly in keeping with title III objectives.

Further, the bill deletes the current reservation of part A funds for 2-year colleges. The Administration reports that this set-aside is no longer needed to ensure an adequate level of participation by 2-year schools since they have secured part A funding in excess of the statutory set-aside annually beginning in FY 1982.

To direct a greater share of Endowment Challenge Grant funds to historically black colleges and universities, the bill requires the Secretary of Education to award at least 25 percent of the part C annual appropriation to these institutions. Not only does this reservation further the purposes of title III, but it also responds to the recent trend in part C funding that shows the historically black colleges' share of this funding dropping from 65 percent in FY 1984 to 18 percent in FY 1990.

Relative to the FY 1991 appropriation levels for the various parts of title III, the new authorization levels for title III programs in the Committee bill would provide important increases in funding. The authorization for part A is $125,000,000 for FY 1993 and such sums as necessary for the following 6 fiscal years. The new section 313 in part A is authorized at $45 million and such sums as necessary for the following 6 fiscal years. The FY 1991 appropriation for part A was $87,831,000. Under the Committee bill, part B is authorized at $125,000,000 for FY 1993 and such sums as necessary for the following 6 fiscal years; its FY 1991 appropriation was $87,831,000. The bill authorizes Section 326 at $20,000,000 for FY 1993 and such sums as necessary for the following 6 fiscal years; the FY 1991 appropriation for this section was $11,711,000. Part C is authorized by the bill at $40,000,000 for FY 1993 and such sums as necessary for the following 6 fiscal years; its FY 1991 appropriation was $17,462,000.

Current Grant/Loan Imbalance

In the past decade, the nation has seen a slow but inexorable reversal of a dependence on grants as the mainstay of financial aid for low- and moderate-income students. The Pell Grant program was created in 1972 as the foundation of aid for the lowest income students. In the 1980's, though, Pell Grants declined in real value while tuitions increased. As a result of the increasing inadequacy of Pell Grants, dependence on loans and individual loan burden for such students has dramatically increased. As a result, the Committee has identified essential responses to the problem of loan/grant imbalance: expansion and improvement of the Pell Grant program; and expansion of low-income eligibility for the SEOG program.

Expansion and improvement of the Pell Grant

The Committee heard compelling testimony from numerous witnesses concerning the need to restore the capacity of the Pell Grant program to adequately support access and choice. These witnesses pointed to the failure of the Pell Grant award maximum to keep pace with inflation, the unrealistic maximum cost of attendance—in the face of rapidly rising tuition in both the public and private sector—and the implications of the sixty percent cap that limits the amount of Pell Grant funds awarded to students attending low-cost institutions, such as community colleges. The result is an increasing dependence on loans by the nation's neediest students—even at the lowest-cost institutions. The Committee is convinced that dramatic changes are necessary to strengthen the program and restore the promise it once held in underpinning the federal government's commitment to access. These changes include: increasing the award maximum; moving to the establishment of a Pell Grant entitlement program; implementing an award formula that is more sensitive to the cost of attendance but holds students harmless from award decreases; eliminating the limitation that caps the Pell Grant award at sixty percent of cost of attendance; and responding to the unique needs of various types of students—in particular, non-traditional students.

The Committee believes that a substantial increase in the maximum Pell Grant is essential. Consequently, the maximum authorized grant is increased by 50 percent from its current appropriated level of $2300 to $3,600 in 1993-94 and by $200 each year thereafter, reaching $4,800 in 1999-2000. In addition, the minimum award is increased to $400. To ensure that this increase does not cause students who are eligible under current award rules to be ineligible, all students who are eligible for at least a $200 grant but less than $400 will receive a $400 grant.

The Pell Grant program will become an entitlement by fiscal year 1997. In fiscal years 1995 and 1996, the Secretary shall be required to borrow any shortfalls in funding from the appropriated maximum from the next fiscal year's appropriations. Beginning in 1997, eligible institutions will make and disburse Pell Grant awards to the full extent of their students' eligibility. The Secretary shall provide such funds as are necessary to fund these awards and shall reimburse institutions for expenditures in excess of allocations for that year. Disbursements by institutions of grant funds to which students are entitled under subpart A shall create a contractual obligation of the Department, for which institutions are entitled under federal statute. The Committee explicitly notes that the use of the term "reimbursement" in this statute should not be interpreted as reference to the "Reimbursement System of Payment" within the Department's Pell Grant Disbursement System.

Further, the Committee recognizes that the award formula, and in particular, the unrealistically low cost of attendance permitted under the current program, is inadequate to restore the program to its full potential. Consequently, the Committee has adopted the basic structure of the award formula proposed by the American Council on Education. This formula is designed to provide realistic allowances for the full range of educational costs. At a $3,600 maximum award level, the formula provides a basic educational allowance of $2,300 and a tuition component equal to 25 percent of the cost of tuition, up to $1,300. The Committee notes that formulas and definitions of a Pell Cost of Attendance that fail to include the full range of educational expenses—including a basic allowance for living expenses—are not acceptable.

This structure of annual increases and a transition to entitlement represents a prudent approach to achieving higher grant amounts and a Pell Grant entitlement. Also, creating the entitlement for Pell Grants in 1997 allows sufficient time to locate and provide the necessary revenue to support such an entitlement.

In addition, the Committee has designed a series of judicious procedures for adjusting the award formula as the level of maximum grant changes. These procedures are designed to ensure that the lowest-income students attending the lowest-cost institutions are not disproportionately hurt by potential decreases, and will receive a fair share of increases.

As the maximum Pell grant increases, the educational cost and tuition components are increased at the same rate, equal to the percentage increase in the maximum grant. In the event of a decrease in the maximum award below $3,600, which may be necessitated by inadequate appropriations, the basic educational allowance remains at $2,300 and reductions are made to the tuition component of the formula. However, should such reductions be necessary due to insufficient appropriations in fiscal years 1993 or 1994, the Committee intends that reductions not occur for students with expected family contribution less than or equal to $400. Required reductions shall be made from the awards of students who have family contributions in excess of $400.

This reflects the Committee's intent to effectively hold the neediest students harmless from reduced awards due to inadequate appropriations.

The Committee also intends to hold students harmless in another way. Alterations to award formulas, particularly at varying award levels, can reduce the actual awards of some current Pell Grant recipients. Consequently, the Committee intends that students' awards be calculated under the new award rules, except that no student shall receive an award less than $2,400 minus the expected family contribution—as Pell Grant awards are, in part, currently determined.

The Committee also has responded to the needs of specific groups of students through changes to the Pell Grant program. In response to the needs of non-traditional students who may attend less than full-time, the number of years during which a student can receive a Pell Grant is increased to seven from five for programs of five years or less, with similar increases for shorter programs. In addition, responding to changing academic calendars, students who are enrolled full time in a program of at least three years and complete the coursework required for one academic year, shall be eligible for a second Pell Grant for a second academic year begun in the same twelve month period. For students who study abroad, the Secretary is instructed to permit the use of a cost of attendance that is higher than that of the student's home institution to reflect reasonable costs associated with study abroad, when such costs are higher than the home institution's costs. In addition, it is the Committee's intent that such funds should supplement rather than supplant any post-secondary education funds provided by the state for such students, and that no individual who is serving a sentence without the possibility of parole should receive a Pell Grant.

Expansion of low-income eligibility for SEOG

By requiring that SEOG awards be proportionate to Pell and removing the minimum student contribution and self-help from SEOG calculation, the Committee believes that SEOG will be directed at the lowest-income, neediest students and thereby will assist in rectifying the grant/loan imbalance.

Middle-Income Access to Student Aid

The Committee heard a good deal of testimony concerning the plight of the middle-class in financing higher education. In particular, the impact of home and farm equity on family contributions are highlighted as a serious problem. The Committee took two interrelated steps to provide relief for middle-class families. First, all home and farm equity is eliminated from the Student Aid Methodology (SAM) for families with parents' adjusted gross income up to $50,000 (or student and spouse adjusted gross income up to $50,000, in the case of an independent student). The elimination of the home and farm equity from the Methodology will lower family contributions and make more middle-income families eligible for student financial aid.

In addition, those families with parent's adjusted gross income up to $50,000 who do not file an IRS Form 1040 (i.e., who are not required to file by the IRS, or filed a 104A or EZ) will have all assets excluded. The Committee received compelling data from the IRS and the College Board that demonstrated that few families who file such forms have substantial assets beyond a home and those assets do not substantially increase the family contribution. Thus, such families will have their contributions reduced even further. Finally, the increase in the maximum Pell grant will have the indirect effect of bringing more moderate to middle-income families into the Pell Grant program.

Access Scholarships

The ACCESS program (America's Commitment to College Education and Success for All Students) is intended to provide scholarship funds to help finance a college education for low-income students. In addition, the legislation provides these students an incentive to excel by requiring that they complete a rigorous core curriculum in high school in order to qualify for the scholarship. Thus, for students from economically disadvantaged families, it promises additional student aid if they satisfactorily complete a strong academic program.

The model upon which the ACCESS program is based is by no means unproven. In fashioning the legislation, the Committee was well aware of the excellent work done by Eugene Lang's "I Have A Dream" Foundation and the superb efforts of Louisiana businessman Patrick Taylor on behalf of programs that offer college scholarships for students from low-income families if they demonstrate academic achievement in high school.

ACCESS students are required to complete a core curriculum of four years of English; three years of science; three years of mathematics; either three years of history or two years of history and one year of social studies; and either two years of a foreign language or one year of a foreign language and one year of computer science.

Any student who successfully completes the core curriculum, participates in an early intervention program and is eligible to receive a Pell Grant is also eligible to receive an ACCESS grant.

Under the program approved by the Committee, a student would be eligible for either the cost of tuition and fees minus the amount of any Pell Grant awarded to the student or $1,000, whichever is greater. In no case, however, would the grant, in combination with the Pell Grant and other financial assistance, exceed the student's cost of attendance.

The legislation approved by the Committee provides an authorization of $100,000,000 for Fiscal 1995 and such sums for the four succeeding fiscal years to support the ACCESS program. The Committee strongly believes, however, that this authorization should not result in appropriations at the expense of proven federal student aid grant programs in general, and the Pell Grant program in particular. Thus, the legislation provides that there be no appropriations for the ACCESS program unless the amounts for existing student aid grant programs equal or exceed the previous fiscal year's appropriations.

Study Abroad

The Committee has proposed technical changes in this title to facilitate access to study abroad programs by United States students who are eligible for such assistance. Although current law does not preclude the use of many programs authorized under Title IV for study abroad and many students have been able to apply some or all of their federal financial aid toward study abroad costs, problems and ambiguities in current law prevent many eligible students from doing so and create administrative burdens for colleges and universities. As a result, students who are dependent on federal financial assistance are often unable to study abroad.

The Committee believes that international education in general and study abroad in particular is increasingly important to U.S. higher education. The study abroad provisions in this title are intended to clarify the use of Title IV assistance for study abroad, to address problems which currently make it difficult for institutions to apply federal assistance to study abroad, and to promote equality of access to study abroad by students eligible for Title IV assistance.

Simplification

The goal of the Title IV student aid programs is to ensure access to post-secondary education for needy students. The delivery system that provides funds to students and institutions must serve this end. In preparing for this reauthorization process, the Committee has performed a comprehensive evaluation of the delivery system and has identified numerous ways to improve its effectiveness. In testimony before Congress, there has been virtually unanimous agreement that the federal Title IV delivery system is unduly complex and costly for students and parents. Accordingly, the Committee's major purpose in identifying changes has been to make delivery more effective through simplification, integration, and free processing.

In order to deal with delivery in a rational manner, the Committee has been careful to consider each of the major components and their interrelationships. Changes made to models, forms, and processes must be designed to avoid unintended effects. In the past a change has often been made to need analysis for a particular kind of student without systematically thinking through the implications for forms, processes, distribution of aid across students and institutions, and consequent effects on access to post-secondary education. The Committee has taken great care to avoid a piecemeal approach and has strived to consider each change in the overall context of delivery and how the various components of delivery must interrelate.

The Committee's evaluation of delivery has produced three overriding issues.

The multiple program eligibility and need analysis models that are used to deliver student aid are too complex and require fine tuning.

Multiple competing forms exist that are both unnecessarily complex and costly to students and parents.

Application and reapplication processes are overly burdensome and redundant.

In the Committee's view, these shortcomings are major and undermine the achievement of equal access which is the ultimate goal of the Title IV programs.

The changes made by the Committee to correct these problems and improve the effectiveness of federal delivery fall into three broad categories:

Integrating, simplifying, and improving need analysis and program eligibility models;

Ensuring implementation of a free common federal application form; and

Streamlining of both application and reapplication processes for needy students.

In developing its proposed improvements, the Committee has been attentive to the issue of equity in the treatment of students and parents. First, the Committee is persuaded that unduly complex models, forms and processes that undermine access are the greatest source of unfairness in the current delivery system and must be eliminated. Second, the Committee understands the need to treat equally students and parents who are in equal financial circumstances, and the Committee has sought to ensure such horizontal equity in all cases. The improvements identified meet both of these equity requirements while improving significantly the effectiveness of delivery in promoting equal access.

Integrating, simplifying and improving models

The Committee is convinced that one need analysis model can and should be used to determine need for the Title IV student aid programs. The Pell Grant and Congressional Methodology models produce parallel results for most families and can be integrated into a single model without major unintended budget and redistributive effects. Two models are simply not necessary to achieve program objectives. Nor is the Committee persuaded that the traditional arguments over the measurement of need versus the rationing of funds must be an impediment to integration. The Pell Grant model—often referred to in the past as a rationing device—is in the majority of cases adequate to measure need and, in some cases, actually appears superior to the Congressional Methodology. Accordingly, the approach taken by the Committee to integrating the two models was to use a modified Pell model.

An important issue in integrating the Pell and Congressional Methodology models was whether or not to retain a minimum student contribution. The Committee is persuaded that for Pell and SEOG, a minimum contribution undermines the intent of the program. In Pell, a minimum contribution simply reduces the maximum award, dollar for dollar, that the poorest students receive. In SEOG, a minimum contribution interferes with the Committee's interest in a closer tie between Pell and SEOG awards for the neediest students. Accordingly, the minimum student contribution has been implemented only for the CWS, Perkins, and Stafford programs.

The new integrated model retains and significantly expands the simple needs test currently in law and thereby restricts the amount of data collected from millions of needy families to those elements that will actually make a difference in the determination of need.

Eligibility for the simple needs test has been expanded in two ways. First: all families eligible to file a 1040A or EZ tax forms or not required to file are eligible to use the simple needs test. Second, the income cap has been raised to families with a parent adjusted gross income of $50,000 (or students and spouse adjusted gross income for independent students). In addition, dependent student income has been excluded from determination of eligibility thereby eliminating the necessity of complex instructions and worksheets. This approach has several advantages:

While eliminating assets from consideration vertical equity is ensured by retaining the relationship between income and contribution in a program designed to be income sensitive.

Simplification is extended to all types of students including independent and non-traditional students.

The threshold can be set at precisely the same level as that at which home and farm equity are eliminated for middle-income families.

Accordingly, the Committee believes this approach is far superior to alternatives that either assign a zero contribution to families who are likely to have greater than zero contributions or eliminate certain categories of families entirely.

The simple needs test (SNT) has been modified further to assign a zero family contribution to all families receiving AFDC benefits and allow those families to skip most income and asset questions. Virtually all AFDC families have zero contributions to begin with so there is little equity loss in this new treatment. Finally, the simple needs test including the new AFDC treatment is implemented as part of a single common form, avoiding the confusion and expense of multiple forms.

The new, integrated model has been simplified and improved in several other ways that correspond to and result from similar proposals by a wide range of organizations. The independent student definition has been streamlined by eliminating all conditional criteria (such as earning $4,000 and not being claimed as a dependent on the parent's tax return). The new definition consists of six categorical criteria, which will dramatically simplify the application process. The treatment of veterans benefits has been simplified and made more consistent by treating such benefits as resources under Sec. 480. The employment expense allowance has been increased to $2,100 or 25 percent of the parents' or students' earnings. The Committee received numerous proposals to simplify the formula by eliminating data elements and special treatments from the Student Aid Methodology, thereby reducing the burden on students and parents. Among those most frequently identified for elimination were the displaced worker and dislocated homemaker treatments. While many recognize the need for special treatment of these individuals, Part F of the Higher Education Act currently requires special sections on the application form and a separate formula to determine eligibility for the applicants. Further, data from the Department of Education, ACT and the College Board indicate that while many students identify themselves as qualifying for such treatment, few are actually eligible. Such erroneous filings cause substantial disruption in the application process. Similarly, few families qualify to deduct medical and dental expenses or elementary and secondary tuition.

The Committee believes that students and families who qualify for such treatments or report such expenses can be treated equitably without burdening the vast majority of applicants. S. 1150 explicitly recognizes these conditions as legitimate uses of professional judgment. It is the Committee's intent, however, that such applicants be assured of equitable and consistent treatment. Thus, in the cases of dislocated workers and displaced homemakers, aid administrators shall make necessary adjustments for students who qualify for such treatment. In addition, aid administrators shall deduct the elementary and secondary tuition actually paid by the family for dependents from the available income. Aid administrators also shall deduct unreimbursed medical and dental expenses in excess of 5 percent of total income from available income. It is not, however, the Committee's intent to restrict the use of professional judgment to these cases.

S. 1150 also requires that the free, common federal application identify applicants with such special conditions by including at the end of the form a mechanism, such as a series of boxes that applicants would check, for such identification. Institutions shall be notified of such indications by the applicant and applicants shall be encouraged to communicate with the aid administrator.

Ensuring a free common form and process

The Committee is convinced that there must be one free common federal form used to apply for federal aid. The current system in which even the poorest students are completing overly complex forms and being charged a fee every time they apply is clearly not what was intended by Congress. While it is true that some states require data beyond those contained in the federal form, the Committee believes the cause of this problem lies elsewhere: current federal system and policies are simply not encouraging students, institutions, or states to use the federal delivery system. Much of the problem stems from the fact that some Multiple Data Entry (MDE) processors are currently allowed to charge a fee from virtually every student who applies through them; and the MDE process does not allow for, facilitate, or encourage collecting of state data at marginal cost. The Committee feels that several changes are required to the MDE structure to encourage free simplified federal processing for needy students.

First, it is the Secretary's responsibility to print, distribute, and process the common federal form. This form must be designated as the federal form and be free of other names and designations. While it is acceptable to use MDE processors to print and distribute the federal form, it may not be printed from a facsimile by third parties with other forms "wrapped around" it. Such a policy has and will completely negate simplified processing. It is the Secretary's responsibility to ensure that students and families are provided with a free common simple form by MDE processors and institutions. Once these data are collected, they are the property of the government and must be used in a manner consistent with government goals and only for purposes approved by the Secretary.

Second, it is the Secretary's responsibility to ensure that all MDE contracts and operations foster the use of free federal processing and simplified processing by those who are eligible. The Committee recognizes the merit of the MDE structure and is retaining it; but current policies and practices that undermine federal goals must be eliminated. For example, ED is currently paying a premium to two MDE processors (to implement free processing) who are charging fees to virtually every applicant and shutting down simplified processing entirely. This practice cannot continue. MDE processors must implement free, common, and simple federal processing.

Third, despite longstanding federal support of state grants through the SSIG program, the MDE delivery structure does not take into account in a rational manner the fact that some states require a few data elements in addition to the federal data elements. Rather, the need for state data has been used as a justification for MDE processors and institutions to charge even low-income, disadvantaged students fees and require them to complete the whole federal form, even in cases where only a few data elements unrelated to need are at issue. The MDE process must facilitate and encourage the collection of the few extra state data elements at a reasonable marginal cost. Accordingly, prospective MDE processors should, as part of the MDE selection process, submit the marginal cost of collecting and reporting up to five data elements as part of the MDE process. This will encourage contracts between MDE processors and states to implement free processing within each state. S. 1150 also requires any payment required to cover state costs associated with collecting such additional information be made directly to the State. Such a step is taken to ensure that students are not unduly charged for extensive additional questions not otherwise required by the federal government and then lead to believe the fee is designed to cover the federal questions.

Also, the Secretary shall ensure that the Department's data bases—particularly the Pell applicant data base—and processes are altered to facilitate delivery of state data to states. If institutions request more data than the considerable amount now required by the federal and state government, institutions can collect them at their own expense. This includes data to support the use of professional judgement in cases of dislocated workers, displaced homemaker, elementary/secondary tuition expenses, and medical/dental expenses. The need to collect data regarding these conditions shall not be used as a justification for a fee, much less up front fees for all students.

Finally, it is the Committee's intent that the Secretary work with states and institutions to encourage use of the new integrated model, the simple needs test, and the AFDC treatment.

In conducting its evaluation of delivery, the Committee uncovered two other specific problems that require immediate attention. First, the simple needs test designed to reduce complexity for the poorest students has yet to be adequately implemented. Second, little progress has been made to date to streamline the reapplication process for needy students already in school. The Committee has proposed changes in both areas to solve these problems.

An important reason for failure to implement the simple needs test is that there are significant financial incentives for MDE processors to encourage students to complete enough data to trigger a fee. This has had the effect that the vast majority of low-income disadvantaged students who quality for the SNT do not use it. This phenomenon is fostered by widespread fear among students and parents that use of Congress' simple needs test may possibly result in the loss of some forms of aid. This is an intolerable situation that threatens to exacerbate problems of access for at-risk students. It must be changed. MDE processors, institutions, and states must be encouraged to allow at-risk students to apply at no charge. The

Committee has taken steps to both expand the population qualified for the SNT and ensure full implementation for qualified students.

Perhaps the greatest opportunity for simplification lies in the area of reapplication. The current approach is unacceptable: all students, regardless of how poor they are, start with a blank form and most pay a fee. At a minimum, federal delivery must use existing technology to facilitate the reapplication process through preprinted hardcopy forms or electronic alternatives.

It is logical that needy students already receiving federal aid who are merely reapplying should be able to do so without charge through an application process that is considerably simpler than initial application. It is the Secretary's responsibility to structure reapplication processes to bring this about. The current practice of using a blank form and charging a fee is unnecessary, inefficient, and offensive to students and families. Data already collected in a previous year, especially elements that do not change from year to year, must be provided by Department of Education systems to students and institutions in either hardcopy or electronic form to facilitate reapplication. These data may not be sent to or used by third parties to exact a fee for reapplication. The Secretary shall ensure that students can update state specific data through a reapplication process for those states that opt to append state data on the FAFSA.

Campus-Based Programs

In reauthorizing the Supplemental Educational Opportunity Grants, Work-Study Programs, and the Perkins Loan Program, the Committee found the current program structure and operation basically sound. Few major changes were made to these programs.

S. 1150 establishes a 25% institutional match for all campus-based programs with a one-year phase in at 15% for the Perkins Loan Program. The legislation also provides authority for the Secretary to waive or modify this matching requirement for institutions serving large numbers of minority or low-income students and for whom the match would cause financial hardship.

The bill also requires institutions to award 5% of the funds under each of the campus-based programs to part-time students if such students make up at least 5% of the institution's need. This measure is a recognition by the Committee of the growing unmet financial needs of part-time students. Also, the bill authorizes the Secretary to reserve up to 10% of the appropriations over $700 million in each program to institutions who graduate or transfer over 50% of their Pell Grant recipients. The Committee understands that this is a high standard. Such a standard, however, is intended to provide extra incentives to those schools that are most successful in meeting the needs of their poorest students.

The Supplemental Educational Opportunity Grant (SEOG) Program is reauthorized at $650 million and such sums for the six succeeding fiscal years. A new provision authorizes institutions to award SEOGs to first year graduate students. In allowing greater flexibility, the Committee recognizes the need to make graduate education available to more students from disadvantaged backgrounds. This is consistent with the Committee's view that greater access to graduate education among disadvantaged students is a necessary component in enabling the United States to retain a competitive edge in the world economy. The Committee is also concerned with the growing signs that American higher education faces a faculty shortage that threatens the quality of education on all college campuses. Again, the small change in extending the possibility of SEOG assistance for first year graduate students is part of the Committee's great recognition of the need to improve graduate education opportunities for students with need.

A provision is also added to clarify Congressional intent that SEOG awards should go to those students with the greatest financial need. Towards this end, the bill clarifies that for Pell recipients, SEOG awards are to be made in proportion to Pell Grant awards. This measure is not intended to prevent Financial Aid Officers from awarding large SEOG awards to families with small Pell Grants or even those who do not qualify for Pell Grant awards at all. It is intended as a re-emphasis of the Committee's desire that the SEOG program serve first as supplementary assistance to Pell Grant recipients. If the needs of those students are met, however, the Committee believes the campus should have flexibility in the allocation of its SEOG funds. Indeed, the Committee recognizes the important role Financial Aid Officers play in using campus-based funds to provide financial aid to students with unusual circumstances whose special needs might not have been adequately considered in needs analysis.

However, in general practice, those with the greatest Pell Grant awards should also receive the greatest SEOG awards. This is consistent with the provision added in the 1986 reauthorization that SEOGs go first to those receiving Pell Grants. The intent behind the 1986 provision and that in S. 1150 is the same: namely to assure that the poorest students receive maximum grant assistance first and that loans only supplement that basic package. This intent is also mirrored in the new provision in S. 1150 that removes the minimum student contribution from the SEOG program. For many poor students, this measure will effectively increase their SEOG eligibility by $900 or $1,100, depending upon their status. In addition, calculation of need for SEOG shall not include any self-help including loans or work.

The College Work-Study (CWS) Program is reauthorized at $700 million for FY 1993 and such sums for each of the succeeding six fiscal years. A provision is also added to raise the tolerance level on overawards to $300 from the current $200 and to apply this standard only to need-based earnings. In excluding non-need-based earnings from consideration, the Committee seeks to address the current disincentives for students to participate in the College Work-Study Program because of the limitations that are placed on their outside earnings. While the intent of this limitation has always been to prevent the neediest students from working long hours to supplement their education costs, the Committee recognizes that as tuition has increased over the last decade and federal student aid has declined, many students are forced to work more hours. As a result, many needy students are choosing not to participate in the College Work-Study program because they cannot afford the limitations imposed on outside earnings.

S. 1150 also requires all schools to use at least 10% of their CWS funds for community service. It has always been Congress' intent that CWS jobs be of educational benefit to students. In this regard, it is the Committee's view that community service work is one of the best educational experiences available to CWS students. Accordingly, numerous changes are made throughout the section to emphasize the link between College Work-Study and community service. Also, the bill raises the amount of money that can be allocated to community service under the Job Location Development (JLD) Program and deletes the restriction that organizations consulted under the program be "local."

The Committee is aware of five small, liberal arts colleges that are known as "work-colleges," because they require all students to participate in community service and other work experience as a part of their education. These colleges are Blackburn College (established 1837), Berea College (established 1855), Warren Wilson College (established 1894), College of the Ozarks (established 1906), and Alice Lloyd College (established 1923). The Committee bill establishes a work-learning program, to allow work-colleges more flexibility in their use of work-study funds. The intent of the section is to recognize, encourage and promote the use of comprehensive work-learning programs as a valuable educational approach when it is an integral part of the institution's program.

In the Perkins Loan Program, the bill conforms many requirements for the Stafford Program with Perkins, including credit bureau reporting, borrower information, credit checks, forbearance and deferments. The program is reauthorized at $200 million for Fiscal Year 1993 and such sums in each of the six succeeding fiscal years. The loan limits are raised to allow undergraduates to borrow $3,000 per year with a $15,000 total undergraduate borrowing limit. Graduates are allowed to borrow up to $5,000 per year. Combined undergraduate and graduate borrowing is limited to $40,000. Also, the maximum aggregate borrowing limits under this Title of $52,000 for undergraduates and $115,000 for total borrowing includes loans made under the Perkins Loan Program. The minimum monthly repayment is raised from $30 to $40 and interest rates for the fifth year of repayment and beyond are raised to 9%.

There are also a number of administrative changes made to the Perkins Program. These include allowing institutions to work with defaulters and to put special agreements into effect in order to collect at least some of the outstanding debt obligation. The bill also extends Perkins loan forgiveness to teachers who teach math, science, foreign language, special education, bilingual education and other shortage areas specified by the State Education Agency.

Finally, the bill permits teachers who receive loan forgiveness under the current Perkins provisions for teaching at a Chapter 1 school designated by the Secretary, to continue to receive such forgiveness even if the school loses its designation. The Committee is concerned that some borrowers have chosen to teach in very poor schools in part to receive Perkins Loan cancellation. Oftentimes, just as the teacher becomes established and accomplished in the classroom, the school is removed from the Secretary's list and the teacher must chose between continuing at the school and continuing to receive loan forgiveness. Such a situation helps neither the students nor the teacher. The provision in this bill is meant to rectify this problem.

SSIG and early awareness and information

The State Student Incentive Grant (SSIG) Program is reauthorized at $85 million for fiscal year 1993 and such sums for each of the six succeeding fiscal years. States are also permitted to increase the maximum SSIG award from $2,500 to $4,000. The bill also amends the purpose section of the bill to reflect the authority of such programs to support students in approved study abroad programs, community service and to reflect the creation of a new early intervention program.

In reviewing the SSIG Program, the Committee is concerned that the program is at a virtual standstill. All states have developed SSIG Programs. And because many states' contributions far exceed those made by the federal government, the program has seen little growth since the last reauthorization. Funding has been nearly unchanged.

One bright exception to this is the initiative taken by Washington state to implement a major community service project with some of its SSIG funds. Such programs were encouraged by the special community service provisions added in the 1986 reauthorization, and the Committee applauds the ingenuity taken by Washington in this regard.

It is the Committee's view that the basic structure of the SSIG Program is sound and can be successfully built upon to make higher education available to even more nearly students. Towards this end, S. 1150 contains a major new initiative to encourage states to establish early intervention programs. The structure of the early intervention program—a federally administered grant program requiring a 50 percent match from state and local funds to provide programmatic and tuition assistance to at-risk students—is similar to the existing SSIG administrative structure. To protect the existing SSIG Program, the Committee intends that this new early intervention program not be funded unless the current SSIG Program remains at a funding level of at least $63.5 million.

The concept of early intervention as included in this bill involves targeting disadvantaged, at-risk youth as early as possible to provide counselling, mentoring, before- and after-school tutoring and job search assistance. Participating students will receive financial assistance upon entering college and will also be eligible for the ACCESS grant.

Specifically, the bill authorizes state, local and private sources to match federal funds on a 50 percent cost share basis. Participating states must submit a plan to the Secretary and funds will be allocated according to the existing SSIG formula. That formula allocates money according to the ratio of the number of eligible students in that state to the number of students eligible in all the states. No state shall receive less than a $500,000 allotment.

If states chose to participate in this program, they must submit an application detailing their early intervention proposal. They can provide services beginning as early as kindergarten (state discretion) and must provide comprehensive support through high school graduation as well as significant tuition assistance at the time of college matriculation.

The early intervention program may include such support services as after-school and summer tutoring, assistance in obtaining summer jobs, and academic counseling. This may be provided by community based organizations, schools, or colleges and universities. Because TRIO performs important and needed functions of targeting disadvantaged youth the early intervention bill makes it clear that these local providers may be the local service providers for this bill, if the state chooses.

In determining the students to be served, the state must agree to serve at least students counted under Chapter 1, AFDC or the School Lunch Program. Participants in the program must sign a contract and agree to achieve certain academic milestones such as finishing a prescribed set of courses and graduating from high school. The bill also cross-references section 484 of the Higher Education Act which stipulates that students receiving financial assistance must maintain a C average and demonstrate satisfactory academic progress.

In return for this commitment by the students, states must provide "significant tuition assistance" upon college matriculation. Students may choose any institution of higher education including proprietary schools in any of the 50 states.

Testimony presented to the Committee and recent research suggest that at-risk students who do not receive some form of counselling or support in their developmental years are likely to drop out of school and not pursue further educational opportunities. Accordingly, programs to increase awareness of college opportunities and to help students stay in the educational "pipeline" are a priority to the Committee.

The current national dropout rate is 25%. Furthermore, as of 1988, 77.8% of Whites 25 and over were high school graduates, compared to 63.3% of Blacks and only 51% of Hispanics. Only 10% of Hispanics and 11.3% of Blacks 25 years old and over have completed 4 or more years of college, compared to 20.9% of Whites. Students from families with low incomes were 20-25% less likely than their wealthier classmates to attend college. To many of our nation's poorest young people, higher education seems far out of reach. The problem is only compounded for poor, minority students, many of whom lack role models who have gone to college. Many of these students are inadequately prepared academically and see the skyrocketing cost of a college education as an insurmountable obstacle.

States and private citizens have led the way in the development and implementation of programs designed to reverse the drop out trend and encourage students to attain post-secondary educations. Most notably, New York philanthropist Eugene Lang, Rhode Island's Children's Crusade, the New York Liberty Scholarships and the Louisiana College Tuition Plan (modeled on businessman Patrick Taylor's efforts) are but a few of the existing and exemplary state models. In each of these programs, early counselling and some form of post-secondary tuition assistance is available for successful participants.

While state and private programs have made dramatic strides, a federal role is essential to reach more students. The Committee drew widely from these programs to develop its approach to early intervention, as well as from the GAO report, "Promising Practice" (June 1990). The report, which studied the existing tuition-guarantee programs, found that early intervention, personal mentoring and intensive academic help in "sponsorship" programs have the potential to markedly increase student motivation and achievement.

It is the Committee's hope that this new early intervention program will provide academic assistance, encouragement and financial support by providing young people and their families the support network necessary to assure academic success.

The Committee believes that more students and families should know about the availability of current federal financial aid, the importance of a college education in long-term career planning and the need to complete a secondary education successfully in order to meet college entrance requirements. S. 1150 provides $15 million in Fiscal Year 1993 and such sums in each of the succeeding fiscal years for the Secretary to conduct a nationwide public information campaign. This provision is modeled after the very successful "Be All You Can Be" campaign in the Department of Defense. It is the Committee's intent that the Secretary carefully study the Defense Department's program in designing an effective program to attract young people to college. Special attention should be given to use strategies and mediums that will be most effective among those traditionally underrepresented in college—namely, the poor and minorities.

TRIO programs

Since the passage of the Higher Education Act in 1965, the importance of the programs authorized under what is now termed the Special Programs for Students from Disadvantaged Backgrounds or "TRIO" authority has become increasingly recognized. Access and retention services are an essential component of the federal strategy to ensure equal educational opportunity.

The Committee believes that the design of the TRIO programs as it has evolved is sound. Widespread support of TRIO programs in communities across the nation, in the Congress, and within the Administration confirm that belief. Accordingly, a number of the changes made in TRIO program design in this bill are logical extensions of twenty-five years of program experience.

The inclusion of the authorization level of $450 million reflects the Committee's confidence in the strength of TRIO design as well as the conviction that TRIO services must be expanded to enroll a larger percentage of the eligible population. Presently, fewer than 5% of eligible youth and adults are served.

In addition to adequate funding, TRIO staffs also have a need for increased information regarding effective practices. For that reason S. 1150 mandates that the staff development activities authorized under the Subpart include training for new TRIO directors, educational programs on legislative and regulatory requirements governing TRIO program operations, instruction on how best to assist students to receive adequate financial aid, and information on the design and operation of model TRIO programs.

S. 1150 also authorizes the Secretary to carry out on-going evaluations of the various TRIO programs. One principal purpose of these evaluations is to identity practices especially effective in increasing access and retention of low-income students, first-generation students, and students with disabilities so that these practices may be replicated. S. 1150 mandates that information gained through these evaluations be widely disseminated among TRIO programs and among similar programs regardless of funding source.

Congress has always looks upon the TRIO programs as integrally related to the student financial aid programs. The Committee views the provision of these access and information services as an on-going federal responsibility, a responsibility—like the provision of student financial assistance—shared with the states, with institutions, and with local communities. Given this on-going federal responsibility to provide access and support services, the committee does not view TRIO services as experimental or as demonstration projects.

The Committee intends that TRIO services at a given institution or agency will not be discontinued arbitrarily or abruptly. The Committee seeks to encourage student and community reliance on TRIO services just as it seeks to encourage student and community reliance on the Pell Grant program and other student financial aid programs. For this reason, the 1980 Education Amendments introduced the "prior experience language" which was strengthened in 1986.

A number of additional changes are included in S. 1150 to promote continuity of service. The bill requires that grants be made for a period of four years. The legislation requires timely notification of funding and also prohibits the Secretary from allowing a lapse in funding between program cycles.

The Committee also desires to promote interest in the TRIO programs among new providers and extension of services to presently unserved or underserved populations. For this reason, Sec. 417A(b) defining eligible grantees has been amended to include combinations of institutions, agencies and organizations as well as institutions of higher education, public and private agencies and organizations, and secondary schools.

Further, a new provision has been added which prohibits placing limitations on the number of applications that may be submitted by one institution, organization or agency. This limitation has been used to prevent interested institutions from extending services from one targeted population to another. For example, the imposition of the limitation has acted to prevent an institution from submitting a request for new funding to serve low-income students in a Student Support Services project if that same institution is presently sponsoring a Student Support Services project solely for students with disabilities. Similarly this prohibition has been used to prevent institutions from extending services to additional campuses of a multi-campus institution.

The bill also adds a new provision instructing the Secretary to give special consideration in awarding new program funds in fiscal year 1993 and succeeding fiscal years after to programs that serve geographic areas and eligible populations which have been underserved by the TRIO Programs. It is not the Committee's intent that new money be exclusively reserved for such uses, but only that among equally ranked programs, new money would go first to these populations or geographic areas. This provision was added to help new programs compete for awards. This provision does not override the current requirement that extra points be given for prior experience, or the new requirement that awards be made in rank order.

For the first time, the bill lists services which may be provided by Talent Search and Educational Opportunity Center projects. Listings of permissible services were included in the Subpart for Student Support Services and Upward Bound in 1980. As with those programs, including a listing of permissible services for Educational Opportunity Centers and Talent Search is not intended to establish requirements regarding what services must be provided by each individual project. Such determinations can only be made by individuals with knowledge both of the difficulties experienced by disadvantage students in a given institution or locality and of the locally funded resources available to such students.

For the first time, the Committee outlines core curriculum requirements in the Upward Bound program in order to ensure that students enrolled in Upward Bound programs are offered a rigorous curricula which will allow them to compete successfully in a full range of postsecondary programs.

The Committee lowers the age of eligibility for Talent Search to allow individuals who have completed 5 years of elementary education or are at least 11 years of age to participate. This change was made in response to a substantial body of testimony regarding the need for earlier intervention to promote postsecondary access.

The Committee has also delineated the purpose of Student Support Services programs in S. 1150. Student Support Services programs are designed to increase college retention and graduation rates, to increase transfer rates and to foster a climate supportive of the success of low-income students, first-generation students and students with disabilities. The Committee believes that achievement of each of these goals is necessary before the nation can realize its goal of assuring equal educational opportunity in postsecondary education and that Student Support Services programs have a critical role to play in this regard.

One assurance required from institutions applying for a Student Support Services program has been changed. Previously, institutions were required to assure that each student enrolled in the projects would receive sufficient financial assistance to meet that student's full financial need. The Committee changed the assurance from "will receive" to "will be offered" in recognition of the fact that institutions have limited power to require individuals to accept each element of an aid package offered. The Committee was particularly concerned that the assurance as formerly worded added pressure on low-income students to assume high levels of loan debt.

In making this change, the Committee continues to affirm the necessity of offering young people and adults enrolled in Student

Support Services projects sufficient financial aid to meet their need. Adequate financial resources to meet the cost of attendance as defined by the institution is necessary if disadvantaged students are to be provided a realistic opportunity to successfully complete a postsecondary program. Absent such financial assistance, supportive services cannot be fully effective in promoting retention and graduation.

In addition to including these changes in the TRIO subpart which reflect program experience and Congressional confidence in these delivery mechanisms, a substantial number of changes to the TRIO subpart included in S. 1150 grow out of a long-standing and deep frustration on the part of both the Congress and the higher education community over what appears to be a failure to properly manage the TRIO programs. For example, the Senate Committee reports accompanying both the Fiscal 1991 and the Fiscal 1992 appropriations bills for the Department of Education include extensive comments reflecting members' concerns regarding the administration of the TRIO programs.

As a result in S. 1150, the Committee has taken steps designed to increase public confidence in the procedures used to evaluate proposals for funds under this Subpart, in the processes used in determining and awarding TRIO grants, and in the general decision-making processes used by the Department in its administration of these important programs.

There is widespread concern within the Congress and among colleges, universities and agencies applying for and receiving TRIO funds that insufficient thought is given to Departmental decisions as they impact upon the quality of services available to individual youth and adults. Moreover, there is also concern that adequate safeguards have not been put in place to prevent the introduction of bias into the funding process. In certain instances bias appears to have operated with respect to decisions affecting whether or not an institution was to be funded as well as in decisions affecting the amounts individual institutions and agencies were awarded.

As a result, the Committee has included language designed to increase public confidence in the awards process. S. 1150 requires the Secretary to fund TRIO applicants in rank order as determined by the peer review process as adjusted for prior experience under S. 1150.

S. 1150 defines the documentation necessary in individual programs to establish eligibility by virtue of income. The section mandates that a signed student financial aid application is appropriate documentation for income for projects where participants are already enrolled in post-secondary programs, both Student Support Services and the Ronald E. McNair Post-baccalaureate Achievement Program.

In Upward Bound, the pre-college program where sustained and intensive services are provided, a signed statement from a parent or legal guardian, verification from another governmental source, or a signed Federal income tax return are sufficient documentation of income eligibility. In Educational Opportunity Centers and Talen Search, the documentation requirement may be met by the materials delineated for Upward Bound. Additionally, in these two programs a signed financial aid application will also meet the documentation requirement, and for individuals over eighteen and for individuals defined as independent students under Sec. 480(d), a signed statement from the individual will also meet the requirement. With respect to Educational Opportunity Centers and Talent Search, no documentation of income or first-generation status is required for the one-third of a project's participants who are not covered under these requirements.

Departmental policy has also been inconsistent with federal intent regarding non-federal funding of access and retention services. In viewing the provision of these services as a joint federal, state, institutional and community responsibility, Congress intends to encourage rather than penalize any state, institution or community which provides similar services to disadvantaged students, regardless of how the group eligible for such services is defined.

S. 1150 provides that the Secretary shall encourage coordination of programs funded under this chapter with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of funding source. It prohibits the Secretary from publishing regulations which limit an institution, organization or agency's ability to receive TRIO funds by virtue of its sponsorship of similar programs. In this regard, the Committee was especially concerned that no "duplication of services" regulations be published for the TRIO programs.

The Committee goes further to prohibit the Secretary from requiring a separate director for a project funded under this Subpart if the imposition of this requirement would hinder coordination among programs for disadvantaged students. The Committee recognizes that the operation of access and retention programs, particularly coordinated programs, on individual campuses and in individual agencies varies significantly. In view of the variation and complexity, the Committee encourages the Secretary to assure that a sufficient number of knowledgeable staff within the Department of Education are charged with the responsibility for administering TRIO programs.

The Committee continues to affirm that appropriate tests of an institution or agency's administrative plan for coordination with other programs for disadvantaged students include (1) assuring that TRIO funds are only utilized to provide services to participants who are eligible under the appropriate section of this subpart and (2) assuring that TRIO funds are not used to subsidize services available to an entire student body.

The Stafford Loan Program

Loan limits

The shift from grants to loans over the past decade has put great strains on the Stafford Loan Program. While many middle income and all higher income families have been eliminated from eligibility, poorer students have had to borrow more to meet the skyrocketing cost of tuition. The effects of these trends are obvious.

Defaults have risen sharply in the past six years both in absolute numbers and as a percentage of outstanding loans. Since the 1986 reauthorization of the Higher Education Act, the Committee has focused a great deal of attention towards studying defaults and recommending legislative remedies. In both the 100th and the 101st Congresses, the Senate passed major default legislation that originated in the Labor and Human Resources Committee. While neither of these measures became law, the legislation served as a basis for a major default initiative taken by the Secretary of Education and for several effective measures that were incorporated in the 1989 and 1990 Budget Reconciliation Acts.

Between 1989 and 1991, the Senate Permanent Subcommittee on Investigations also took a detailed look at several of the most egregious cases of fraud and abuse in the student aid programs. Their recommendations, along with the Committee's own work in this area, is strongly reflected in the provisions of this bill.

In setting loan limits, the Committee attempted to balance an understanding of the escalating cost of a postsecondary education with the concern of saddling students with huge loan burdens that could affect both career choices and the ability to repay loans. In the Stafford loan program, first year limits were raised from $2,625 to $3,000. This modest increase reflects the Committee's concern that defaults are more likely for students who do not complete their courses of study and those in short term programs. As students become more likely to complete, and since a bachelor's degree typically yields greater earning power, the Committee raised loan limits in the second year to $3,500 and in the third year and beyond of undergraduate study by $1,500 a year to $5,500. Total undergraduate borrowing in the subsidized Stafford program is also raised from $17,250 to $23,000. Total overall borrowing for combined graduate and undergraduate is raised from $54,750 to $68,000.

The Committee also took a major step towards addressing the problems faced by middle income families when financing college education by extending eligibility in the SLS Program to credit-worthy dependent students and by stipulating this requirement may be met by providing a credit-worthy co-signer. This action should serve to provide a new source of revenue for credit-worthy middle income families who do not qualify for the subsidized Stafford program but need some source of funds to help meet the cost of a college education for their children. Although the PLUS Program was originally intended to serve this need, it is the Committee's understanding that the PLUS Program is not as widely available as the SLS Program and that many families prefer educational loans to be taken out in the student's name rather than the parent's name.

The Committee maintains the current SLS borrowing limits for first and second year undergraduate students at $4,000. This reflects the Committee's concern with defaults in the current program for those years of borrowing. For third year undergraduates and beyond, the Committee has raised the borrowing levels to $5,000 per year with the cap on total undergraduate borrowing raised from $20,000 to $23,000. Graduate borrowing is raised to $15,000 per year to make post-baccalaureate study more readily affordable. Overall borrowing in this program is limited to $30,000. Defaults are low for graduate students and other forms of federal assistance are limited for this population.

Borrowing limits are also raised in the PLUS Program from $4,000 a year to $6,000 a year with the total amount one can borrow raised from $20,000 to $30,000. In the Consolidation Loan Program, the Committee removed the $5,000 borrowing floor and lengthened the period of time from 10 to 12 years that students with debts between $5,000 and $7,500 may take to repay their loans.

Finally, the Committee set aggregate borrowing limits for the Stafford, Perkins, SLS and Consolidation Loan Programs at $52,000 for undergraduates and $115,000 for graduates.

Modifications are also made to the interest rate structure. The interest rates on the subsidized Stafford Program are raised to 9% in the first four years with a variable rate not to exceed 11% in the remaining years. The windfall provision is deleted. In the SLS and PLUS Programs, the maximum interest rate is lowered from 12% to 11%. Also, the Committee has proposed an origination fee of 5% on all SLS and PLUS loans.

In reauthorizing the deferment and forbearance provisions of the Student Loan Program, the Committee decided to simplify and streamline the existing deferment categories in order to make the program easier to understand and administer. Current law provides deferments for 16 different categories of student loan recipients; the new law provides deferments for the following categories: (1) in-school; (2) up to 3 years unemployment or disability; and, (3) up to 3 years during which the borrower is working full-time and living at or below the poverty line for a family of 2 as defined in the Community Services Block Grant Act. Forbearance is provided for up to 3 years for borrowers whose student loan debt equals or exceeds 20 percent of their gross income.

In choosing the level of earnings at which one gains a deferment as the poverty line for a family of 2 as defined in the Community Services Block Grant Act, the Committee intended the provisions to specifically include application to borrowers pursuing public service activities, including Peace Corps and Vista.

Finally, the legislation permits credit checks on independent students in both the Stafford and Perkins Programs. Such credit checks are to be done at the lenders or institution's discretion and students may not be charged a fee. The absence of credit history may not constitute a negative history and thus is not grounds for denying the loan.

Integrity

It is the Committee's view that nothing is more critical in assuring the long-term stability of the federal student aid system than taking action to restore public confidence in the integrity of the programs themselves and the schools that they serve. Numerous scandals since the last reauthorization have seriously undermined the public's commitment to these programs. And, while the Department of Education has made serious efforts of late to correct many administrative problems, a lack of oversight during the 1980's continues to take its toll. Thus, the Committee has taken a number of serious steps, both large and small, to restore the integrity of the student aid programs.

First, S. 1150 includes several provisions designed to strengthen the process by which institutions become eligible to participate in federal student aid programs. Historically, this process has relied on the joint efforts of the so-called TRIAD: private accreditation, state licensure, and federal eligibility and certification. In order to participate in federal student aid programs, an institution must be accredited by an agency recognized by the Secretary, be licensed in the state in which it operates, and be certified by the Department of Education.

The Committee believes that the TRIAD concept is a sound one. It divides responsibility among the private, state, and federal sectors on the basis of the strengths each bring to the process. Private accreditation agencies are primarily responsible for making determinations regarding institutional quality. States are primarily responsible for consumer protection functions. This includes the financial and administrative strength of the institution. The federal government is primarily responsible for assuring that an institution is in compliance with applicable federal student aid requirements. As in the case of state licensing, this also encompasses the administrative and financial capability of the institution to serve as a good steward of federal financial resources.

The Committee recognizes that taking action once the damage has already been done—while important—fails to reach the core of the problem. Fighting a fire once a building is in flames is a poor substitute for enforcing fire safety codes or putting arsonists out of business. In the same vein, the time to screen out low quality schools from federal student aid programs is before they get in the door.

Clearly, the TRIAD has not performed its "gate-keeping" functions as effectively as is necessary to protect the interests of students and American taxpayers. It is the purpose of S. 1150 to correct this situation by clearly defining expectations of the component parts of the TRIAD and by assuring the exchange of relevant information among them.

State licensure

Currently, the Higher Education Act contains no guidelines dealing with state licensure, and licensing standards and requirements are left up to each state. State practices vary widely, from perfunctory collection of licensing fees to elaborate regulation.

The legislation establishes minimum federal standards for state licensure of institutions of higher education for purposes of Title IV eligibility. If a state does not meet these standards, none of the institutions in the state will be eligible to participate in Title IV programs.

Minimum federal standards are set in the areas of consumer protection, consumer information, fiscal and administrative capacities, compliance with applicable federal and state laws, due process and review procedures, performance standards, and information sharing.

These standards define the areas of responsibility of state licensing bodies while providing the flexibility for each state to devise specific requirements appropriate to the circumstances in the state. The Committee emphasizes that these minimum standards apply only to the licensing of institutions which wish to participate in Title IV programs. Institutions not seeking to participate in Title IV programs will be subject to whatever licensing requirements are imposed by the state in which they operate.

In recognition of the fact that particular difficulties have arisen with respect to student refund policies, the section also includes specific provisions relating to pro rata tuition refunds for first-time students who withdraw prior to the halfway point in an enrollment period.

Licensing activities may be conducted either by a single state entity or by multiple entities within a state. Currently, most states have multiple licensing authorities, and the Committee is not suggesting that this practice be discontinued. In cases where multiple entities are used, the state must designate a single entity or official to coordinate enforcement of the minimum licensing standards. The purpose of this provision is to provide a single point of contact between the Secretary and the state with respect to licensing standards, and the Committee does not intend that the entity or official designated in these instances have licensing functions beyond coordination and reporting.

The Secretary of Education is responsible for approving state licensing standards and for developing model standards. In cases where a state is not in compliance, the Secretary may undertake the licensing function directly or designate a guaranty agency or another State's licensing agency to do so.

Recognizing that these new minimum standards will require many states to strengthen and expand their current licensing activities, the Committee has included a $10 million authorization for discretionary grants to states from the Secretary. Grant funds are to be used to help defray additional costs associated with the development and implementation of the new minimum standards.

Accreditation

Currently, the Secretary of Education must recognize an accrediting agency before institutions accredited by that agency are permitted to participate in federal student aid programs. The Higher Education Act includes a National Advisory Committee on Accreditation and Institutional Eligibility, which is to advise the Secretary on accreditation agency recognition decisions. The Act does not, however, include any standards to guide the Secretary in the approval process.

The legislation establishes six standards which accreditation agencies must meet in order to obtain Secretarial approval. These standards are that the agency be statewide, regional or national in scope, have a voluntary membership, be separate and independent from any related professional or trade association, ensure the quality of institutions of higher education and the courses offered by such institutions, and have due process procedures in place.

The legislation also clarifies that the minimum standards established for secretarial approval are intended to apply only to accreditation agencies that accredit an entire institution of higher education for purposes of Title IV eligibility. Of the more than 100 accreditation bodies currently included on the Secretary's list of approved agencies, only a handful are agencies which offer the institution-wide accreditation upon which Title IV eligibility is based.

Other agencies and associations are currently recognized by the Secretary to award specialized or programmatic accreditation in areas such as medicine, law, speech-language pathology, audiology, social work, nursing, teacher education, psychology, law, journalism, engineering, business, allied health, dentistry, optometry, pharmacy, and public health. Such agencies and associations may continue to be recognized by the Secretary for purposes other than establishing Title IV eligibility, using such criteria as he may provide.

The Committee has also taken several steps to prevent abuse of the accreditation process by institutions. These steps include requirements for additional justification of reasons for seeking a change in accrediting agencies or associations, in order to prevent "accreditation-hopping" situations where an institution obtains new accreditation because it is at risk of losing accreditation from another agency. Dual accreditation, where an institution is accredited by more than one agency, is prohibited unless valid reasons for the practice are presented to the Secretary. This prohibition is designed to stop situations where an institution loses its accreditation from one agency but retains its eligibility for Title IV programs by virtue of its accreditation by a second agency. Finally, the bill makes permanent provisions of the 1989 reconciliation bill which prevents the certification or recertification of an institution which has lost its accreditation for cause within the previous two years unless it is reaccredited by the same agency or demonstrates its academic integrity.

Eligibility and certification

The Committee applauds the initiatives undertaken by the Department of Education earlier this year to strengthen its eligibility and certification activities. As the federal agency responsible for administration of Title IV student aid programs, the Department bears primary responsibility for assuring that the federal dollars going into those programs are used appropriately. It is the intent of the Committee that the Department undertake strong enforcement of the law and make full use of the authorities provided under it.

This legislation seeks to strengthen further federal eligibility and certification activities by establishing statutory procedures for certifying the eligibility of institutions to participate in Title IV programs, clarifying the authority of the Secretary to act in preventing abuse of those programs, improving program reviews, and expanding information-sharing activities.

The procedures required by this legislation include: use of a single application form containing the specific information needed to assure that the requirements of the law are met; on-site reviews of institutions; one-year provisional eligibility and certification for new institutions or institutions with new ownership; periodic renewal of eligibility and certification; and requirements for the maintenance of sufficient cash reserves to assure repayment of any required refunds.

The legislation also provides that the Secretary shall guard against hour inflation and ensure that all 600-hour courses are appropriate in length to the instruction involved. It is the understanding of the Committee that the Secretary has been hesitant to evaluate the appropriateness of course length in determining eligibility for fear of violating the overall prohibition against secretarial involvement in curriculum matters contained in the Department of Education Organization Act. The Committee believes that assuring compliance with the minimum 600-clock-hour course length of eligible programs is part of the overall federal interest in providing financial aid to students and must not be ignored in determining eligibility. Towards this end, the bill clarifies that such determinations by the Secretary are appropriate.

The bill further requires that the Secretary conduct program reviews of all institutions participating in Title IV program and provides that priority for such reviews may be given on criteria including: high default rates, high default volume, significant fluctuation in grant or loan volume, and reported deficiencies.

The Committee is concerned by reports of instances in which information relevant to an institution's Title IV eligibility is available to one entity comprising the TRIAD but is not shared with other appropriate entities. For example, there have been several instances in which accrediting agencies have adverse information about institutions, have placed institutions on probation, or have scheduled show-cause hearings to determine whether accreditation should be revoked—but have given no indication at all to the Department of Education that any of these problems existed.

Information sharing among the TRIAD will be enhanced by provisions requiring the establishment of a central data base on institutional accreditation, licensing, eligibility, and certification. A central data base will assist in the more effective enforcement of Title IV requirements, and this is the purpose for its creation. The Committee intends that access to information from the data base be limited to those who require it for enforcement purposes and that confidentiality of the information will otherwise be maintained.

Institutional performance standards

The Committee has long recognized that educational success is best determined on the basis of objective measures of educational outcomes. Educational inputs, while important, tell only half the story. True accountability cannot be achieved unless goals are set and performance against them is measured.

The Committee's interest in improving accountability through performance assessment is reflected in action taken in a series of measures over the past five years. During the 100th Congress, the Committee incorporated program evaluation and improvement provisions in the Chapter 1 program serving elementary and secondary students. This trend was continued in the 101st Congress with the inclusion of program performance standards for vocational education programs. In the same vein, the Student Right to Know Act—signed into law last year—established reporting and disclosure requirements relating to educational outcomes designed to permit students to make more informed choices in selecting an institution of higher education.

This legislation builds upon these efforts by requiring the Secretary to develop and prepare for implementation objective performance standards for institutions of higher education in the areas of financial responsibility and educational success. Measures of educational success would include factors such as program completion, persistence, and job placement.

The Committee recognizes that, at the present time, there is neither the data nor the consensus to justify the immediate imposition of standards related to educational success. Consequently, the Committee has not set a specific effective date for implementation of these standards. The Committee also emphasizes the importance of the requirement for a broad process of consultation by the Secretary with all interested parties and with the Committee on Institutional Quality and Integrity. Arbitrary imposition of educational success standards by the Secretary would be inconsistent with both the language and the intent of S. 1150. It is the hope and expectation of the Committee that the educational success standards developed by the Secretary will be the product of consensus among the various parties involved in the consultation process.

The legislation also makes a number of smaller administrative changes to decrease the likelihood of default. More borrower loan information is taken at the time of loan origination and during the exist interview. This information, such as the collection of driver's license information, is to help in later skip-tracing activities.

The Committee has long been concerned that students may not be sufficiently aware that they are taking out a loan that must be repaid. Thus, disclosure statements are to begin with a clear statement in bold print that the borrower has taken out a loan that must be repaid. It is the Committee's intent that this be clearly identifiable and stand out from other notification requirements on the disbursement form.

The disclosure form is also to make it clear that borrowers be notified that the loan obligation they are taking out is separate and distinct from the schools' authority to provide them with a quality education and that such a failure does not give them rights to avoid student loan repayment. The Committee is concerned that the recent *Tipton* decision [1] may be interpreted by some as lessening a student's obligation to repay if such student is dissatisfied with his or her academic program. Students can only raise defenses on a student loan relating to the school if there is an origination relationship between the school and lender or if the school is a lender. Toward this end, the Committee also makes it clear that the Higher Education Act does not provide such general protection unless there is an origination relationship or unless the lender and school are one.

This is not to say that the Committee is not sympathetic with students who have been victimized by poor quality schools. Indeed, the whole effort towards strengthening the TRIAD is aimed at assuring that federal aid can only be used at schools that provide quality instruction. Further, the bill provides for the Secretary to repay loans of any students who were attending a school that closed during their studies or whose loan eligibility was fraudulently certified. The Secretary is then required to pursue these claims against the schools.

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[1] *Tipton* upheld the application to GSL loans of a state statute that subjects a lender to borrower defenses based on school misconduct if the lender made the loan pursuant to a "referral" by the school or engaged in other standard program practices. *Tipton et al.* v. *Secretary of Education, et al.*, Civil Action No. 2:90-0105 (S.D. W.Va.) (decided June 21, 1991).

Strong action is also taken to assure that the Secretary has the legal authority necessary to rid the program of bad schools or prohibit them from gaining eligibility in the first place. For example, the bill eliminates the requirements that hearings be "on the record." It is the Committee's view that adequate protection for due process is provided for in the general government-wide nonprocurement suspension and debarment system and that the extraordinary practice of "on the record hearings" has been abused by some program participants as a way of stalling their elimination from program eligibility.

The Secretary is also given explicit authority to take other actions he deems appropriate into consideration when determining program eligibility. In particular, the Committee is concerned that school operators who have mismanaged Title IV funds at one institution have been free to gain eligibility for new schools in different locations. The Committee explicitly considers it appropriate for the past experiences of applicants in administering Title IV funds to be an appropriate factor for the Secretary to consider in determining eligibility.

The bill also strengthens the existing penalties for fraud and abuse and eliminates many of the current restrictions on the Secretary's ability to fine program participants. The legislation also makes the attempt to commit offenses subject to criminal penalties as well as the failure to make refunds.

Other measures are taken to make sure that borrowers understand their loan obligation under this program. For example, the Committee clarifies that the borrower notification to be made before repayment begins should take place during the grace period so that the information is received by borrowers at a period of time when they are most likely to read it and remember the full details of their obligations. During this time borrowers are also to be notified of the exact month repayment is to begin so that they can begin to prepare for repayment. The bill also requires borrowers to be notified anytime the contact for their loan inquiries or repayment is changed to a different place. For example, if a loan is sold and that sale results in loan repayments or inquiries being shifted to a different place, the borrower must be notified. However, if the servicer remains the same after such a sale, notification would not need to be made. Finally, the legislation prohibits lenders from selling loans until all of the loan proceeds have been disbursed.

The disclosure statement to SLS borrowers is also modified to make it more accurately reflect the actual payments borrowers will make. The Committee is aware that most borrowers under this program defer both principal and interest during the in-school period making the current requirements, that do not take this practice into consideration, both confusing and inaccurate. In providing for the revised monthly projections, however, it is not the Committee's intent that such projections automatically assume that borrowers will defer the entire principal balance and interest payments. Rather, it is the Committee's intent that borrowers be given projected payment schedules that clearly illustrate the advantages in terms of overall loan costs of paying interest or principal and interest while in school. In this manner it is the Committee's intent that whenever possible, borrowers will be encouraged to make at least partial payments while in school.

Strict limitations are also placed on the types of courses, programs and institutions eligible for student aid. Short term programs to less than 600 clock hours are eliminated from eligibility. Previous attempts to restrict borrowing in these programs does not seem to have eliminated abuse and the Committee believes that the complete elimination of these programs is necessary. Similarly, the Committee has made previous attempts to curtail the abuses associated with the use of commissioned sales. These measures, too, do not seem to have solved the problem. Accordingly, this bill eliminates the use of any commissioned sales in any phase of an eligible institution's operations.

There have also been numerous instances of abuse in the use of correspondence courses, particularly in short-term programs. While the Committee understands that there are many legitimate uses of correspondence courses, this bill seeks to address the areas of abuse by eliminating the use of student aid for any correspondence course that is not part of an associate's or bachelor's degree program. Further, this bill removes from eligibility any school that offers more than 50% of its courses by correspondence.

The Committee is concerned as well about the development of schools designed solely to provide education to the incarcerated. While the Committee applauds the efforts of many fine schools to provide solid rehabilitation programs for the incarcerated, the Committee is disturbed by reports of schools set up solely to draw federal student aid funds from prisoners. To this end, the Committee elminiates from eligibility any school whose student body is composed of more than 25% incarcerated students. Further, the Committee eliminates student loan eligibility for any incarcerated students. Although such students are now only eligible if there is certainty of parole before the repayment period begins, the Committee believes that the likelihood of default for such individuals is very high.

The bill further provides for institutional integrity by limiting the number of Ability-to-Benefit (ATB) students at any institution to 50% of the student body. The bill also limits the aggregate amount of borrowing by students at any new private school to $1 million in the first year of eligibility. Aggregate borrowing levels are limited to a growth of no more than 150% in each of the subsequent three years. This provision is added because of numerous cases in which new schools experienced phenomenal growth in federal student aid with few, if any, checks on quality control. Such a provision should assure that a school has a solid financial footing before being able to rely heavily on federal student aid to assist students with tuition bills.

The bill also mandates that all new schools, schools that branch, or those that have an ownership change enter into a default management plan for at least two years. In the past such actions by a school have often been caused by or contributed to financial or administrative difficulties. This provision is designed to assure that, if such difficulties exist, they do not manifest themselves in the form of increased defaults at the institution. The bill also requires each institution with over $1 million in default or a default rate above the national average to employ a full-time equivalent loan counselor. Full-time equivalent is used to permit institutions flexibility in hiring more than one person on a part-time basis.

The Committee also took a number of measures to ease debt obligations for small groups of borrowers who do not currently enjoy the in-school interest subsidy. The bill removes the current requirement that students must be enrolled in an institution that participates in the student loan program in order for its students to be eligible for the deferment. Instead such schools need only be Title IV eligible for students to receive the deferment. The bill also rescinds the current requirement that a student enrolled on a half-time basis must borrow again in order to qualify for the in-school deferment.

The legislation permits SLS borrowers to have a single post-school-completion grace period of six months (or equal in length to that of the borrower's Stafford loan) to allow both a student's subsidized and unsubsidized loans to enter repayment at the same time. The language also clarifies that a borrower's 10 year repayment period starts at the time the loan enters repayment. The bill further requires lenders to report the date this repayment period begins to the Department of Education and authorizes the reduction of the special allowance for any lenders that do not comply with this requirement.

S. 1150 requires the Secretary to publish annual default rates for lenders, guaranty agencies, and states. The methods of measuring such defaults should be consistent with the current practice used in assessing institutional default rates. The special allowance for any lender with a default rate in excess of 25% will be reduced to 3.00. The bill also lowers the cut-off rate for high default rate schools to 25% in FY 94 and thereafter and changes the term "cohort default rate" to "annual default rate" to eliminate confusion that exists over the use of the current term.

The bill would also require any third party that assists an individual or family in completing an application for federal student aid to sign that form in much the same way that the Internal Revenue Service requires private tax preparers to sign federal income tax forms. The Committee is aware that financial advisors exist who assist student aid applicants in shifting assets in order to increase eligibility for aid. The Committee hopes that by gaining information on who such advisors are, more can be learned about the practice and loopholes can ultimately be closed. It is also the Committee's intent that such preparers bear some responsibility for any inaccuracies or misleading information contained on these forms.

Several measures are taken to make the program more understandable to borrowers including requiring the creation of a single common loan application form, promissory note and deferment reporting form; allowing students who inadvertently borrowed in excess of their loan limits to repay the difference rather than be permanently disbarred from all student aid programs; directing the Secretary to undertake a program to encourage employers to assist borrowers in repaying loans under this part; and specifically authorizing schools and lenders to make payments to or enter into agreements with organizations for the purpose of encouraging default reduction and loan repayment. Provisions are made to encourage borrowers to use a single lender and guaranty agency for all student loans to keep loan repayments as simple as possible and to eliminate the confusion that often arises when students have more than one borrower and to keep loan repayments as simple as possible. The legislation also allows borrowers six months to add additional loans that may have inadvertently been left out to any new consolidation loan. Finally, married couples are allowed to consolidate their student loans.

Direct loans

The Budget Enforcement Act of 1990 provided for a new system of scoring the costs of both government guaranteed loan programs and direct loan programs. As a result, the system of estimating costs in the Stafford Student Loan Program changed dramatically. One effect of this change is that a direct student loan program actually costs less under the new scoring system than a guaranteed loan program. This change has promoted wide debate in Congress and the higher education community as to whether or not moving to such a system could provide a more effective loan program for students, as well as provide additional and much-needed revenues for other education programs.

In examination of this issue, several key questions have emerged. First, would it be possible for funds saved in the entitlement category to be moved to the domestic discretionary category in order to provide more education funds? Or, could the savings be used to create a new Pell Grant entitlement within the same category? In conversations held with the Budget Committee, it was clear that no guarantees could be given that either of these changes would be possible.

The Committee is also concerned with the ability of the Department of Education to administer the additional responsibilities of a direct loan program. It is quite evident that the Department has had a great deal of difficulty in properly administering the current loan program. There is no question that a direct loan program would require much greater responsibilities by the Department. In this regard, Secretary Alexander has expressed concern that the Department could not administer a direct loan program at the present time.

Also, the Committee is concerned with the amount of principal the federal government would have to lend before any type of repayment would be realized. In the current Stafford loan program all the principal is issued by private banks. In a direct loan program the federal government would provide the capital. Although this money would not be scored as a cost because it is assumed it would eventually be repaid, estimates are that a direct loan program would add $200 to $300 billion to the national debt over a 20-year period before the program became self-sustaining.

Finally, and above all, the Committee is concerned that any transfer to a direct loan program must be done with an absolute guarantee that students in the current program are not displaced by the change in system. To do less threatens the educational futures of some of our nation's poorest but most deserving students. Unfortunately, the failure of the grant program to keep pace with college inflation and the increased reliance on loans means that loans are often critical to a poor student's access to higher education. Continued access must be assured by a loan program that actually works.

The extent of these unanswered questions led the Committee not to include a direct loan proposal in the reauthorization legislation. On October 22, 1991, Senator Simon and Senator Durenberger introduced S. 1845, new legislation regarding a direct loan program. At the Subcommittee markup two days later, Senator Simon expressed an interest in having a hearing on this bill. His request was granted and the hearing was held on October 29. In addition, the Committee has made clear its intent to continue to give serious and careful consideration to this important issue.

Guaranty agencies

The Senate bill also includes language designed to assure the financial stability of state guarantee agencies.

Guaranty agencies occupy a central place in the Guaranteed Student Loan program. Having strong and vital agencies is necessary if the GSL program is to fulfil its promise of making student loans to all eligible students to participate in higher education.

In recent years, some guaranty agencies have suffered financial difficulties. In part, the difficulties were caused by the spenddown of agency reserves that was mandated by the Budget Reconciliation Act of 1987. The extent of the problem was revealed most clearly in 1990, when the Higher Education Assistance Foundation (HEAF), the nation's largest insurer of student loans, collapsed. The Department of Education arranged to have the troubled agency's accounts taken over and serviced by the Student Loan Marketing Association, but, in the process, the federal government found itself financially responsible for some of the HEAF liabilities. Indeed, a preliminary assessment of the HEAF rescue by the General Accounting Office (GAO) concluded that the collapse of HEAF cost the taxpayers roughly $140 million.

In the wake of the failure at HEAF, the Department of Education conducted a study of the guaranty agency finances. The study found that many agencies were financially stable but that some agencies were not and that a small number of agencies bordered on insolvency. Since the HEAF collapse established a precedent for a federal rescue of guarantee agencies, the Committee felt it essential to establish benchmarks of solvency that guarantee agencies should be expected to meet.

The provisions of this legislation, designed to ensure the stability of the Student Loan Marketing Association, made it even more imperative for the Committee to address the issue of guaranty agency safety and soundness. Sallie Mae, is by all accounts, an exceptionally well run and financially stable organization. Given that the Committee took tough steps to ensure the safety and soundness of this organization which has never had financial difficulties, the Committee believes it is equally important to take strong action with respect to guaranty agencies.

The legislation requires that guaranty agencies maintain a minimum reserve level beginning on January 1, 1993. The reserve level is defined as an amount equal to the total amount of all outstanding loans guaranteed by such agency in every calendar quarter. The reserve level will be .5 percent of the agency's loans for all of calendar year 1993. The reserve level will increase to .7 percent in every calendar quarter beginning on January 1, 1994; .9 percent for every calendar quarter beginning on January 1, 1995; and 1.1 percent for every calendar quarter beginning on January 1, 1996.

The Secretary of Education shall collect, on a quarterly basis, information from each guaranty agency to enable the Secretary to evaluate the financial solvency of each agency. If a guaranty agency falls below the required minimum reserve in any two calendar quarters, if the agency's reimbursement payments are reduced to 80 percent, or if the Secretary determines that the administrative or financial condition of the agency jeopardizes the ability of the agency to perform its responsibilities, the Secretary shall require the guaranty agency to submit a management plan acceptable to the Secretary to correct the deficiencies that threaten the agency's solvency. The management plan must describe the steps that the agency will take to improve its administrative and financial condition within 18 months.

If the agency does not submit a plan acceptable to the Secretary, or if the Secretary determines that the agency is in danger of financial collapse, the Secretary may terminate the contract allowing the guaranty agency ability to participate in the federal student loan program. If the Secretary does terminate the agency's agreement, the Secretary shall assume responsibility for all functions of the guaranty agency under the insurance program of the agency.

The Secretary may not take any action to terminate an agency's ability to participate in the guaranteed student loan program, if the agency is backed by the full faith and credit for the state govenment. In addition, the Secretary may not take any action against an agency without giving the agency notice and opportunity for a hearing.

S. 1150 also contains new provisions on subrogation to give the Secretary discretionary authority to require guaranty agencies to assign promissory notes to the Secretary when the guaranty agency receives reimbursement. The Committee believes that, once an agency has been reimbursed for a default claim from the federal government, the promissory note belongs to the taxpayers and that all reasonable and appropriate steps should be taken to recover the taxpayer's money.

The Committee notes, however, that some guaranty agencies have excellent collection records. It is the intent of the Committee that this provision apply to those agencies who have poor records of collecting loans, or agencies that have made little or no effort to collect the loans.

In addition, the Committee notes that several States have enacted laws which greatly enhance the ability of their guaranty agencies to collect on defaulted loans. These state laws include income tax offsets, garnishment of wages, information sharing with state government agencies such as motor vehicles and revenue, and the prohibition of state employment and/or licensure. The Committee also is aware that loans I default which have been reduced to judgement in state court, are often more collectible by a guaranty agency located in a state than by the federal government or a contractor of the federal government. It is the Committee's intent that the Secretary carefully consider state laws and the authorities available to individual guaranty agencies in making a determination whether to utilize his discretionary authority to require assignment by the agency. In addition, the Committee hopes that the Secretary will use the authority provided by this section to encourage guaranty agencies to upgrade their collection efforts and to obtain statutory authority from the state government to enhance their collection efforts.

Sallie Mae

S. 1150 contains changes that pertain to ownership restrictions on stock of the Student Loan Marketing Association (Sallie Mae) and changes in the composition of the Board of Directors to simplify Sallie Mae's capital structure and to expand public stockholder participation in the affairs of Sallie Mae.

With respect to stock, the legislation would merge the two outstanding classes of stock of Sallie Mae into a single class of unrestricted voting common stock, granting voting rights on a "one-share, one-vote" basis to the holders of the outstanding non-voting shares. The bill accomplishes this goal while ensuring that Sallie Mae's governance remains with the Stafford Student Loan Program participants represented on Sallie Mae's Board of Directors by defining the qualifications of eligible directors to be selected by the shareholders. Seven directors continue to be appointed by the President, seven will be affiliated with eligible institutions of higher education and seven will be affiliated with eligible lenders.

The provisions of S. 1150 continue the authority of the Sallie Mae to make loans to institutions of higher education for the purpose of facilities construction. The legislation also continues to target loan assistance to institutions most in need of Federal help and least likely to be able to borrow in the private sector. In light of the critical need to improve academic facilities, however, the Committee has limited the borrowing authority to academic, reseach, and library facilities, and terminated Sallie Mae's authority to make loans for dormitories. The Committee believes this is consistent with the new facilities program authorized in Title IV.

The Committee bill also includes legislation to help assure the safety and soundness of Sallie Mae. The failures of many federally insured savings and loan institutions and the massave federal funding required to resolve this very serious problem have focused attention on other areas in which the Government may be exposed to financial risks. With this in mind, the Omnibus Budget Reconciliation Act of 1990 required congressional committees with jurisdiction over government-sponsored enterprises (GSEs) to report legislation to ensure their safety and soundness.

Congressionally mandated reports by Treasury, the General Accounting Office (GAO), and the Congressional Budget Office (CBO) all indicate that Sallie Mae is stable financially and that it conducts its business in a way that limits the federal government to insignificant risk. As a part of its May 1991 report, the Treasury Department had all of the GSEs rated by Standard & Poor's. Sallie Mae was one of only two GSEs to receive Standard & Poor's highest possible rating. Notwithstanding these findings, the Committee has included provisions in this bill intended to assure the continued strength of Sallie Mae's operations by making several changes to the Association's charter in the Higher Education Act. The changes would enhance existing Treasury Department's oversight of Sallie Mae by requiring Sallie Mae to provide copies of all financial reports to Treasury, and authorizes the Treasury Secretary to hire auditors to review and monitor Sallie Mae's financial soundness.

In addition to providing financial disclosure to the Treasury Department, the legislation requires Sallie Mae to maintain a 2% capital ratio (defined as shareholders' equity to total on-balance sheet assets plus 50% of certain off-balance sheet items). Capital represents the buffer element of shareholder investment, the loss of which would require additional steps to be taken to strengthen a company. Under current law, both savings and loans and national banks which hold the same assets as Sallie Mae have to maintain a 1.7% capital ratio. As of March 31, 1991 (the most recent quarter for which data are available), Sallie Mae had $1.129 billion in capital and a capital ratio of 2.54%. All of the reports on GSEs agree that Sallie Mae is well capitalized.

If Sallie Mae's capital ratio does not equal or exceed 2% for two consecutive calendar quarters, the Association would have 60 days in which to submit a business plan to the Secretary of the Treasury describing how it would increase the capital ratio to 2% within a period not to exceed 36 months. If Treasury accepts the plan, Sallie Mae would begin implementing it.

If the Treasury Department rejects Sallie Mae's plan, the Treasury Secretary must submit the plan within 30 days, along with his reasons for disapproving it, to the Senate Committee on Labor and Human Resources and the House Committee on Education and Labor, as well as to the Secretary of Education. In addition, the Treasury Secretary must submit an alternative proposal to satisfy the capital requirements. Upon receipt of the Secretary's capital restoration plan, Sallie Mae must begin implementing it and, additionally, must provide the two committees with a written response to the Treasury plan within 30 days. If the Treasury Secretary finds that Sallie Mae has not been diligently implementing the capital restoration program, the Secretary can prohibit Sallie Mae from engaging in any student loan transactions. Such order is subject to appeal by the Association.

Under the Act, if Sallie Mae's capital ratio falls to less than 1%, Sallie Mae must, within 14 days, submit a plan to the Treasury Secretary which would raise the capital ratio to 2%. The plan must include a timetable for implementation, not to exceed 60 months. Sallie Mae must immediately begin to implement the plan, along with any modifications proposed by the Secretary. To assist the committees in determining what course of action to follow, the Act requires the submission of several studies and reports. In the event that the Treasury Secretary disagrees with any business plan proposed by Sallie Mae in connection with the requirements of this

Act, or modifies such plans because capital levels have dropped below 1%, CBO and GAO shall submit to the committees reports which:

Indicate Sallie Mae's financial condition;

Analyze the plan being proposed by Sallie Mae and the Treasury Secretary's objection to such plan;

Analyze the impact of any plan on the federal student loan programs; and

Provide recommendations on what should be done to improve Sallie Mae's capital condition without harming the loan process.

Because a sizeable reduction in Sallier Mae's capital would likely be a result of structural problems in the student loan program, and actions by Sallie Mae to improve this condition could serve to compound such problems, the Secretary of Education would report on the administrative and legislative steps that should be taken to increase Sallie Mae's capital while maintaining the viability of the student loan programs.

In the event the Sallie Mae maintains the highest or next highest full credit rating from at least two nationally recognized credit rating organizations, it would qualifty for a "safe harbor" and would not be subject to action based on its capital ratio. Similar to the rating already performed by Standard and Poor's as part of the 1991 Treasury report, all ratings must be without consideration of Sallie Mae's status as a GSE. It is the Committee's intent that in event that only one agency is willing to provide such a rating, only one rating is required. Currently, Standard & Poor's has given Sallie Mae a AAA credit rating (the highest possible) without regard to its status as a GSE.

All financial information received by GAO, CBO, and the Departments of Treasury and Education from Sallie Mae in connection with the studies and reports required by the Act would be treated as confidential material. The confidentiality restrictions are substantially similar to those which the Congress imposed on the original GSE reports mandated by the Omnibus Budget Reconciliation Act of 1990.

Byrd Scholarship Program

In reauthorizing the Byrd Scholarship Program, the Committee made several changes to the authorizing language to conform current practice with law. It is the Committee's understanding that these changes, such as those regarding the awards and selection process, reflect changes made by the Appropriations Committee. The program is authorized at $10 Million in FY 93 and such sums in the six succeeding fiscal year.

Data

S. 1150 also adds several new requirements for the National Student Loan Data System to assure that once implemented the system will be useful to all program participants. Such changes include allowing electronic exchange of data, standardization of data submissions and provisions for monitoring of students' status.

The Committee wishes to express its extreme dismay with the Department for the length of time it has taken to implement this most important system. This delay has affected the ability of Congress, the Department and the general public to gain important information on the causes of some of the most serious problems in the student loan program. It has lead to greater inefficiencies in the operation of the student loan program. The delay must not continue. It is the Committee's hope that the Secretary will take seriously the legislative mandate that this system be implemented and move with all deliberate speed to have the system fully operational in the near future.

Negotiated rulemaking

The requirement for negotiated rulemaking follows similar steps taken in the last reauthorizations of the Elementary and Secondary Education Act and the Vocational Education Act. The Committee believes there are great benefits in using this system to develop regulations. First, it increases the flow of information between the Department and those who must implement the programs. Second, it leads to fairer and more appropriate rules. Third, it speeds up the process by which regulations are published.

The recent history of making regulations under the Higher Education Act has been fraught with problems. On more than one occasion, Congress has felt compelled to override final regulations that were not appropriate. In many instances, final regulations were issued that were qualitatively different from proposed regulations and therefore had not undergone any real comment period. On many occasions, members of this Committee have been called upon to intervene in the process so that the higher education community would feel their views would be heard. Such instances have caused a great deal of frustration on the part of both the Committee and program participants, as well as undue complication in the rulemaking process.

Above all, the Committee is concerned with the amount of time it has taken to issue regulations in the Guaranteed Student Loan Program. Proposed regulations from the 1986 reauthorization were issued late last year and final regulations are still not in place. This is an inexcusable and unfair situation. Program participants have established practices for a law that went into effect years ago. Now they find themselves in a situation of facing hundreds of pages of new rules and procedures. Further it is nearly impossible to establish the degree to which the proposed regulations meet Congressional intent. For example, the primary Senate author of the legislation, Senator Robert Stafford of Vermont, retired three years ago and key staff have moved on to other positions.

It is the Committee's view that negotiated rulemaking is a much needed process in higher education. It is the Committee's hope that the implementation of this system will increase the speed and appropriateness of the regulations and lead to a greater understanding and better operation of the new legislation.

High School Equivalency Program (HEP) and College Assistance Migrant Program (CAMP)

The Committee strongly believes that migrant children are in need of additional educational services and that such services are successfully provided by HEP and CAMP programs. The Committee, however, is concerned that not all migrant students are eligible to receive these vital services. Currently, the eligibility criteria for HEP and CAMP are more restrictive than those for migrant education programs under Section 1201 of the Elementary and Secondary Education Act of 1965, and Section 402 of the Job Training Partnership Act. Therefore, the Committee expanded the criteria for eligibility to participate in HEP and CAMP programs to include those migrant education programs under Section 1201 of the Elementary and Secondary Education Act of 1965, or Section 402 of the Job Training Partnership Act.

The new eligibility parameters establish a uniform definition for migrant students, which is necessary to ensure that all migrant students are served equally and to their fullest potential. The uniform definition also simplifies the eligibility requirements for different federal migrant programs, as well as, eliminates present confusion in the migrant community caused by those different eligibility requirements. Furthermore, the Committee recognizes the importance of providing migrant children with educational services on a continuous basis. The uniform definition should eliminate any disruption in this educational process.

Advisory Committee on Student Financial Assistance

Congress created the Advisory Committee on Student Financial Assistance in the Higher Education Amendments of 1986. The Advisory Committee serves as an independent source of advice and counsel for Congress and the Secretary. In this role, the Advisory Committee has on-going oversight responsibilities, such as reviewing all regulations issued under Title IV. It also is designed to address specific policy and programmatic issues. For example, the Advisory Committee was required by the 1986 Amendments to make recommendations to the Secretary regarding the structure and competition of Multiple Data Entry (MDE) contracts. In addition, legislation in 1987 required the Advisory Committee to conduct a special study of institutional lending.

The Committee has found that the Advisory Committee has been effective in meeting its intended responsibilities in a timely fashion. The Committee delivered recommendations regarding MDE within the timeframe requested by the Department. The Advisory Committee's report stressed competitive procurement for a process that the Department's Inspector General had charged was noncompetitive. The Committee recognizes that these recommendations were pivotal in moving the delivery system toward key Congressional goals of simplification, a common form, and free processing for all students applying for federal student aid.

In addition, the Advisory Committee conducted the Special Institutional Lender Study as required in statute. The study had as its purpose the determination of the need for postsecondary institutions acting as lenders in the Stafford Loan program. Through a process of broad community involvement, the Advisory Committee addressed the specific questions spelled out in the legislation and delivered its report on June 2, 1989, within the timeframe specified in statute.

The Committee believes that the need for the Advisory Committee continues to exist and that it should be strengthened to ensure continued support to Congress and the Secretary. To this end, the Committee intends to increase the resources available by raising the authorization from $500,000 to $750,000 per annum. This increase recognizes the gradual expansion of Advisory Committee responsibilities, and protects against the eroding effects of inflation.

The Committee finds that the Secretary has recognized the Advisory Committee's independence, and has acted in good faith to clarify that the substance of the Advisory's recommendations is not subject to review by any office or officer of the Department. The Committee is concerned, however, that the Advisory Committee is subjected to restrictions on an administrative level that inhibit the exercise of its independence. Such restrictions largely result from administrative procedures in place at the Department to which all offices in the Department are subject. It is the Committee's intent that Advisory Committee actions with regard to administrative procedures required to carry out its duties be free from review by the Department. For example, its publications and communications, whether with Congress or the public, shall not be subject to review by the Department. In order to effectively communicate with Congress and the public, the Advisory Committee shall be permitted access to government-wide services, such as the General Printing Office, without review by Departmental offices. In addition, the Advisory Committee shall make independent determinations on personnel, including the hiring of consultants.

In particular, the Committee is concerned that the Department's review procedures and administrative guidelines pursuant to 18 U.S.C. sec. 1913 (relating to restrictions on lobbying activities) not restrict the Advisory Committee's legitimate activities in evaluating legislative proposals. Reviewing Title IV legislation and advising Congress and the Secretary are integral parts of the Advisory Committee's role. The Committee believes that the Department's rules in this regard should not be construed to restrict the Advisory Committee's ability to communicate with members of Congress and staff concerning issues and legislation before Congress before or after introduction.

Indeed, it is the Committee's view that the Advisory Committee should expand its consultation and advise members of Congress and their staff to broaden the general understanding of the complex student aid process. To this end, the reauthorization bill adds specific language that such activities are to be a basic function of the Advisory Committee.

In order to ensure adequate implementation of need analysis and delivery improvements designed to improve access, the Committee is proposing that the Advisory Committee on Student Financial Assistance conduct assessments in three particular areas.

First, the Advisory Committee is to monitor, apprise and evaluate implementation of the free common form and the processes for both initial application and reapplication. The Advisory Committee will advise Congress and the Secretary on the activities and systems modifications required to increase the acceptance and use of free federal processing by institutions and states.

Second, the Advisory Committee is to assess the adequacy of current methods for disseminating information about Title IV Programs and recommend a system of early needs assessment and information for first year high school students. Currently there is no integrated federal approach or strategy to make high school students aware of these programs and their potential drawing power on them early enough to affect decisions about curriculum and persistence in school.

Third, the Advisory Committee is to review and evaluate the current sources of information available on student debt burden and to assess whether such sources are adequate to make informed policy judgments on this issue.

TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

John I. Goodlad, in his recent book *Teachers for Our Nation's Schools*, concluded:

> During successive eras of school reform, insufficient attention has been paid to the recruitment, education, and support of the men and women who are essential to school renewal. Excellent teachers do not in themselves ensure excellent schools. But it is folly to assume that schools can be exemplary when their stewards are ill prepared.

Goodlad's immediate focus is on teacher education, but he recognizes clearly that the educational quality for which the Nation is striving will not be achieved unless teachers and teaching, in all dimensions, are reformed. In this legislation, the Committee is acting on that understanding. Title V is refashioned to address more fully and effectively three key areas: (1) the recruitment of highly qualified individuals to teaching, with an emphasis on the recruitment of minorities; (2) the training and induction of new teachers, whether they are coming to teaching through traditional routes or through alternative routes; and (3) the professional development of current and future teachers.

Part A—Teacher Training for Nontraditional Students

Part A authorizes two new programs focused on drawing new talent into teaching from nontraditional or underrepresented sources: minority individuals currently employed as paraprofessionals in our schools, and minority students interested in teaching. The current part A, Midcareer Teacher Training for Nontraditional Students, has been repealed.

New careers for teachers

One of the most important initiatives for increasing minority representation in the elementary and secondary teaching force is that of recruiting minority individuals who are currently aides or paraprofessionals in the schools. Under these recruitment programs, individuals are provided with a career ladder that offers them the training and financial support needed to become fully credentialed teachers. The Committee proposed such a program during the 101st Congress as part of the National Teacher Act of

1990 and remains convinced of the wisdom and benefits of this approach.

The Committee proposal in the current legislation builds on extant projects that are drawing significant numbers of well qualified minorities into teaching. For instance, the American Federation of Teachers has long been a supporter of this effort in cities such as Baltimore and New York. Among other efforts, Connecticut recently initiated the Teaching Opportunities for Paraprofessionals; Montgomery County, Maryland has begun the Creative Initiative in Teacher Education Program; and a program will be serving paraprofessionals in the Milwaukee area. Not only do these programs offer an opportunity to recruit more minorities into teaching, but, as AFT President Albert Shanker informed the Committee last year, paraprofessionals recruited into teaching have a dramatically lower attrition rate than other new teachers.

This is not an unprecedented role for the Federal Government. In the late 1960s and early 1970s, the Congress authorized and supported the Career Opportunities Program (COP) which, among several activities, supported the development of teacher training programs for school paraprofessionals within the framework of a career ladder leading to certification as a teacher. This Federal program was a particularly effective method of recruiting and training new teachers. The legislation the Committee is now reporting will initiate a new Federal program supporting this strategy and target it to minority representation in the teaching force.

Unlike the new program established by this legislation, Federal matching grants will be awarded for a 2-year period, with up to a 3-year renewal, to consortia of higher education institutions and local educational agencies. These consortia are to establish new career programs to bring minorities into teaching who are currently employed as school support staff or paraprofessionals, or who are otherwise not in the teaching profession. The Committee believes that providing possibly 5 years of assistance is essential to the success of these programs. The original COP program awarded only 2-year, short-term grants, apparently precluding development of alternative sources of funding necessary to continue these activities. Limiting eligible applicants to consortia of higher education institutions and local educational agencies, working with the State educational agency and appropriate State or local teacher credentialling agencies, is also important. These efforts will require the full cooperation of all involved parties to meet the educational training needs of participants in ways that maintain high standards of excellence, while also ensuring that issues of where and when this training is to take place do not prove insurmountable. As required by the legislation, a substantial portion of the educational training under these programs should occur in the participants' places of employment. In addition, the programs must award academic credit for the in-service and other relevant educational experiences that participants have had.

The new career programs are to include defined career ladders that will enable minorities to receive training and move through steps on the career ladders leading to full teacher certification. The Committee notes particularly that these programs are to provide for permanent employment of individuals who participate in the career ladders but who might not reach the last step of full teaching certification. Finally, the consortia supported under this program may pay the tuition expenses incurred by participants in their training, pay for release time to enable participants to take part in the program; and provide child care stipends when academic instruction occurs outside of the normal workday.

Minority teacher recruitment

Another step the Committee is taking to address the serious imbalance in minority representation among elementary and secondary school teachers is the establishment of a new program providing services and support to minority students, enrolled at the middle school through college levels, who might have an interest in teaching. The legislation authorizes three broad categories of activities.

The first, to be carried out by local educational agencies, State educational agencies, institutions of higher education, or community-based organizations, would support and encourage minority students at the middle and secondary school levels in pursuing a teaching career.

The second, to be conducted by 2-year and 4-year higher education institutions with substantial concentrations of minority students, includes four kinds of actions. Grantees are to (1) identify students who have an interest in teaching and offer them a wide array of services to enable them to complete college and enter teaching, including scholarship assistance, academic remediation and tutoring, counseling, endeavors related to teaching, academic guidance, improvement of test taking skills, and counsel related to membership in the Teacher Corps program newly established by part E of title V and sources of financial assistance; (2) create or enhance teacher education programs; (3) create or enhance early identification and articulation programs involving high schools and community colleges; and (4) establish partnerships with graduate schools of education to draw more minorities into postgraduate study.

The third, to be conducted by 2-year and 4-year higher education institutions, consortia of such institutions, State educational agencies, and State higher education agencies, supports efforts to (1) improve the movement of articulation of students interested in teaching from 2-year to 4-year colleges; and (2) fashion better assessments of individuals' qualifications to become teachers.

The legislation requires that any application from local educational agencies must be forwarded to the State educational agency for its review. Comments from this review are to be sent to the Secretary of Education. To ensure that this process does not delay consideration of an application, such review and comment must take place within 30 calendar days of its receipt by the State educational agency. In addition, not more than 10 percent of any grant may be used for administrative expenses by the grantee.

Part B—School, College, and University Partnerships

The Committee is continuing with some modest changes, the School, College, and University Partnerships program. This program, initially funded in FY 1988, supports partnerships between higher education institutions and secondary schools to help low income students in public and private secondary schools improve their academic skills, continue their education, and successfully make the transition from school to work. Among other changes, the Committee had added language to the purpose of the program to make it clear that the focus of the program is on low-income and disadvantaged urban and rural students. The previous language authorizing funding of pilot projects at four community colleges is struck, as the schools have not been funded under this separate authority since FY 1989.

Part C—National Board for Professional Teaching Standards

The Committee is including language in title V to provide Federal support for the critical research and development activities of the National Board for Professional Teaching Standards. The Committee believes the work of the National Board is key to the development of true professionalism within the teaching force of our elementary and secondary schools. The establishment of voluntary national standards for certifying outstanding teachers will set in motion a process of vitalization and invigoration that will benefit not only teachers certified by the Board, but all teachers. It is expected that Board-certified teachers will command higher salaries and be accorded more professional working conditions. Such teachers are likely to occupy positions of leadership among teachers. As Board-certified teachers make this progress, the working environment of all teachers should improve. Further, the standards and procedures of the Board will inform and influence credentialling at the State and local levels, and have a salutary effect on the quality of programs of teacher education in our colleges and universities.

The bill authorizes $20,000,000 for the period from October 1, 1992 through September 30, 1995. The Committee stresses that the focus of this Federal support is, and should remain, narrowly focused. The Board may use funds only for research and development, teacher assessment, and teacher certification activities that are unbiased, and it must follow prescribed priorities in its federally supported research and development projects. Generally, the Board is to give priority to projects involving mathematics, the sciences, foreign languages, and literacy. Special priority must be given to research and development on certification of teachers and their ability to teach special populations, including children who are limited English proficient, gifted and talented, disabled, and economically and educationally disadvantaged. The Committee notes in particular the importance of ensuring that teacher standards for elementary and secondary schools reflect competencies necessary to assure increased preparedness of all classroom teachers for the participation of all students, include students from diverse backgrounds, students who require different strategies for learning, and students with diabilities (including severe and multiple disabilities and lesser-known and newly-emerging disabilities) in classroom activities. Finally, the Board must competitively award Federal funds on basis of merit, and none of the Federal funds can be used to meet any of the administrative and operating costs of the Board.

The Committee believes that strict accountability is the key to ensuring the highest quality of research and development of teaching standards. The Board is therefore required, among other things, to disseminate widely for review and comment all of its federally supported research projects, as well as the procedures for merit review and evaluation of the applications for these projects. Additionally, the Board is to arrange with the Secretary of Education to have announcements of these research projects published in the Federal Register, or other appropriate publications, to disseminate information about these projects among the appropriate research community. The legislation also requires an annual report from the Board to the Congress that must be disseminated to the Department of Education, the National Science Foundation, the National Research Council, and the education research community for review and comment.

The Congress has already approved $4,880,000 for the Board to be spent according to the provision of H.R. 5932 (Education Equity and Excellence Act of 1990) as passed by the House on October 26, 1990. The provisions in the Committee bill are largely similar to those contained in H.R. 5932. The Committee does not believe that the changes it has made will impose any undue burden on the Board. Also, the Committee intends that any appropriations made to the Board prior to the enactment of this legislation shall be subtracted from the total $20 million authorization.

The Committee notes that this legislation includes a special rule providing that no legislative provision in part C is to be construed as infringing on the practice or accreditation of teaching in home schools or private schools.

Part D—Teacher Scholarships and Fellowships

Part D, under the Committee legislation, reauthorizes the Paul Douglas Teacher Scholarships program with relatively few changes, and modifies the Christa McAuliffe Fellowship program, reauthorizing it as the Christa McAuliffe Career Teacher Corps.

Subpart 1—Paul Douglas Teacher Scholarships

The Paul Douglas Teacher Scholarships help outstanding high school graduates meet their higher education expenses if they agree to teach at the preschool, elementary, or secondary school level following college graduation. The Douglas Scholarships were named for the former Senator from Illinois, the centennial of whose birth will be celebrated next year. Annually the program has awarded more than 3,000 scholarships. Between FY 1986 and FY 1989, an estimated 12,000 scholarships were awarded to approximately 6,800 students. The limited data available about the outcomes of this program suggest that nearly all of the scholarship recipients who finish their teacher certification courses of study enter teaching by the following year.

The Committee hopes to open up the program to more students, particularly to those who are historically underrepresented in teaching. The bill therefore eliminates the cap which has limited the program to awarding not more than an aggregate of 10,000 scholarships. In addition, the administering State agency is now required to make particular efforts to attract to this program, not only students from low-income backgrounds or individuals willing to teach in low achieving schools or schools serving large number of economically disadvantaged students, but also minority students, disabled students, and other underrepresented populations. And the State agency must give priority consideration in the selection of scholarship recipients to minority individuals and the disabled.

Paul Douglas Teacher Scholarships have successfully provided aid to students for teacher education programs. However, no formal evaluations of the Douglas program have ever been conducted. It is not known whether the program can be credited with attracting highly able students to teaching who would otherwise not have entered the profession. It is not known whether teachers whose service obligation is reduced by teaching in shortage areas remain in those areas after their required teaching service is completed. It is also not known whether the program has spurred the establishment of similar programs on a broad scale across the States. The Committee believes that an evaluation should be conducted to review these and related issues to assess the impact and utility of the program. As a result, the legislation contains a new requirement that the Secretary of Education must evaluate this program by January 1, 1995, and report to the appropriate Committees of Congress.

Christa McAuliffe Career Teacher Corps

The Christa McAuliffe Career Teacher Corps program continues many of the same components of the Christa McAuliffe Fellowship program authorized by current law. The Committee believes that this program, named in honor of the school teacher who perished in the Challenger space shuttle, provides, and should continue to provide, substantial amounts of money to experienced teachers in recognition of their outstanding capabilities. It is also important that uses of these funds continue to be prescribed to ensure that these Federal funds are used for the benefit of recipients, in particular, and educational systems, in general. As a result, this scholarship assistance must be used by teachers to improve their own knowledge and teaching skills through sabbaticals; to share their expertise with other school systems; to initiate innovative programs to improve teaching and student achievement; or to expand or replicate model staff development programs. The program was initially funded in FY 1987.

The legislation modifies the program under current law in a number of ways. The overall thrust of the Committee's changes is toward creating a more structured program within which the roles of the Secretary of Education, the State educational agencies, and the fellowship recipients are fully delineated. The Christa McAuliffe Career Teacher Corps program can become an important source of experienced mentor teachers for the Teacher Corps program, separately established in part E of title V as modified by the Committee bill.

The fellowships are renamed as the Christa McAuliffe Career Teacher Corps Fellowships and recipients are now named as members of the Christa McAuliffe Career Teacher Corps. To ensure that these fellowships are directed to dedicated, experienced teachers who will provide substantial role models for new teachers, the Committee is requiring that, to be eligible for fellowship assistance, teachers must have eight or more years of teaching experience.

The Committee believes that, although beneficial for achieving the overall purposes of the program, the requirement that teachers must return to teach in their current school system for a minimum of 2 years following receipt of a fellowship should be applied so as not to impose a dire hardship on recipients. The legislation provides the Secretary of Education with the authority to partially or totally waive or suspend any service obligation or repayment of assistance if such service or repayment would be impossible, involve extreme hardship, or be unconscionable. In addition, the bill provides that a Christa McAuliffe Career Teacher Corps member may work in another State that has a McAuliffe program, with the approval of both the sending and receiving States.

The bill eliminates the current allocation formula specified in the statute which sought to ensure the awarding of one fellowship per congressional district. Due to the limited annual appropriation provided to the program, that formula has not been followed. Instead, the Secretary of Education has used authority provided under current law to establish an alternative allocation process based on the number of public school teachers in each State. Under the Committee bill, McAuliffe funds will be distributed on the basis of school age population in all States.

To target this assistance more fully, the Committee requires the statewide panel responsible for the selection of Corps members to give special consideration to teachers who intend to use their fellowships to improve or gain new skills in science or mathematics; or to teach or serve disabled students, limited English proficient students, or preschool age students.

The Committee adds provisions to the program to provide for a structured relationship between Corps members and their State educational agencies. Each fellowship recipient must enter into a written agreement with the State educational agency assuring, among other things, that he or she will spend up to 1 year released from teaching responsibilities in order to engage in these activities; that the recipient will be encouraged to help new teachers during the 2 years following the award period through participation in an induction program for new teachers, acting as a mentor to members of the Teacher Corps program newly established under part E of this legislation or other new teachers, or otherwise aiding the part E Teacher Corps program; and that the recipient will be given an opportunity to participate in activities to foster communication among Christa McAuliffe Career Teacher Corps members.

Additionally, the legislation spells out new requirements concerning repayment of assistance by those members not meeting their responsibilities under the agreements they have entered into. Members who do not comply with these requirements must repay to their State educational agency a pro rata share of the fellowship assistance with interest at the highest rate applicable under the Robert T. Stafford Student Loan program, as well as collection fees where applicable. A recipient is not in violation of the agreement for periods of service in the armed forces (not in excess of 3 years), temporary total disability (not in excess of 3 years), and permanent total disability (obligation forgiven).

State administrative responsibilities for the program are also newly specified. In its application to the Secretary, a State educational agency must provide assurances that Christa McAuliffe Career Teacher Corps members will be released for up to 1 year to participate in eligible activities without jeopardizing any rights they would have had absent participation in the program. The State educational agency must assure that it will maintain accurate records on activities of Corps members to ensure that all fellowship conditions are being met, and that it has consulted with local educational agencies in the establishment of this program. Up to 10 percent of each State grant may be used for State administrative activities to meet the costs of providing in-service programs to Corps members in coordination with local educational agencies; awarding fellowships; supporting the statewide panels that select fellowship recipients; awarding grants to local educational agencies for development of in-service programs; publicizing the availability of these fellowships; and ensuring that each fellowship recipient understands his or her obligations under the program. The State educational agency must publicize this program in local educational agencies throughout its State, particularly in those local educational agencies with above average minority enrollment.

The Committee bill delineates that the Secretary of Education's responsibilities include making awards to State educational agencies and conducting activities, in cooperation with State educational agencies, that foster communication among Corps members and increase contact among Corps members. These activities are important for building a spirit of community among Corps members and ensuring that highly able teachers are energized by the sharing of ideas, skills, and experiences with other outstanding teachers.

Although it has been in existence for 5 years, the Christa McAuliffe program has not yet been the subject of any formal evaluation. The Committee believes, however, that an evaluation is necessary to determine the impact of the Christa McAuliffe program. An evaluation would be useful in assessing the impact of activities undertaken by fellowship winners, determining the postfellowship experiences of recipients, and identifying barriers to program effectiveness and solutions for program improvement.

Part E—Teacher Corps

For a decade and a half, the Teacher Corps program recruited new, dedicated teachers, or enhanced the skills of practicing teachers, to the benefit of disadvantaged students. Initiated in 1965 as part of the Higher Education Act, the program was phased out by the Omnibus Budget Reconciliation Act of 1981. In its early years, the program supported teacher intern teams that, guided by experienced teachers, worked with disadvantaged children in urban and rural areas. Participants concurrently attended college, earning teacher education degrees. As teacher shortages abated, the program became focused on improving the instructional capacity of current teachers.

Although the Committee's new program was inspired by the previous Teacher Corps program, this legislation is specifically tailored for the current needs of the elementary and secondary teaching force. It is similar to the one the Committee approved last year as part of the National Teacher Act of 1990. The program addresses two fundamentally important objectives: the recruitment of new teachers for our most educationally and economically disadvantaged students, and the creation of a structured induction into teaching for these new teachers. The first objective is accomplished by providing $5,000 annual scholarships to meet educational expenses of prospective teachers, and by requiring these Teacher Corps members to teach in Teacher Corps schools. These are schools with the highest level of poverty and lowest student achievement within individual States. In order to keep the program truly focused on the neediest students in each State, not more than 10 percent of the elementary schools nor more than 10 percent of the secondary schools in a particular State can be designated as Teacher Corps schools. The second objective is met by requiring that Teacher Corps members must participate, during at least their first year of teaching, in an induction program involving work with a mentor teacher.

In general, the program is administered by State educational agencies that receive Federal support. To ensure that each grant made under this program is sufficiently large to mount an effective effort, the Committee bill provides that the Teacher Corps funds will be allocated by formula to State educational agencies only when the annual appropriation is equal to, or greater than, $50,000,000. That formula is based on each State's share of total school age population. At appropriation levels below $50,000,000, the Secretary is to award funds competitively to State educational agencies.

To receive funds, each State educational agency, in consultation with the Governor, is to submit an application to the Secretary of Education. The agency receiving Teacher Corps funding is authorized to use its funds for evaluating applications for Teacher Corps scholarships and awarding such scholarships; to provide technical assistance to local educational agencies for their induction programs; to ensure that each Teacher Corps member comprehends his or her obligation to repay scholarships in the event the required teaching service is not provided or other responsibilities are not met; and to ensure that Teacher Corps members are fulfilling their obligation to repay scholarships. Each participating State educational agency may reserve 5 percent of its grant to meet the costs of providing technical assistance to local school systems and for other administrative costs; it may also reserve an additional 5 percent to support induction and mentoring programs for Teacher Corps members. A key responsibility for each participating State educational agency is publicizing information about the Teacher Corps program broadly among a wide array of institutions and persons.

The Committee recognizes that the criteria for selection of Teacher Corps members and the process followed are critical for attracting highly qualified individuals to this program. As a result, each State educational agency is to establish selection criteria with the twin objectives of attracting strong candidates and meeting the needs of the Teacher Corps schools. The agency may seek students or recent graduates with outstanding academic records, and individuals in other careers who have made significant contributions in their career fields. These candidates may also be required to demonstrate a commitment to teaching or have professional expertise in fields in which the State is having, or anticipate having, teacher shortages. The State educational agency must give special consideration to candidates intended to teach the disabled, students with limited English proficiency, and preschool age children. Special consideration must also be given to candidates who are from disadvantaged backgrounds, including racial and ethnic minorities and the disabled; or who are underrepresented in teaching or in the fields in which they intend to teach.

The Teacher Corps scholarship, of $5,000 per academic year of postsecondary education study, is awarded for up to 3 years for a program of study leading to a baccalaureate degree; a postbaccalaureate program of 1 to 2 years leading to a master's degree, a specialist degree, or a teaching certificate; or either a 2-year program leading to an associate's degree in early childhood education or early childhood development, or a 1-year program leading to a child development associate credential. The Committee notes in particular that these scholarship funds can be used by individuals who have already earned baccalaureate degrees in order to meet the costs of the education needed to enter the teaching profession.

Each scholarship recipient must enter into a written agreement with his or her State educational agency assuring that he or she will pursue a course of study that meets State requirements for teacher preparation; has completed at least 2 years of undergraduate study; will maintain satisfactory academic progress while enrolled; will teach for 3 years in a Teacher Corps school following completion of the program of study; will participate, at least during the first year of teaching, in an induction program involving a mentor teacher. The agreement must also specify that failure on the part of a Teacher Corps member to remain in compliance with program provisions will require the member to repay his or her scholarship assistance, prorated according to the amount of teaching, if any, already provided. A Teacher Corps member is permitted to transfer from one Teacher Corps school to another with approval of the relevant State educational agency.

The Secretary of Education has certain key responsibilities under this program. Among these is the dissemination of information about the availability of this assistance on a national basis. The Committee believes that developing ties among Teacher Corps members is important for reducing the isolation that many teachers experience. As a result, the Secretary is required to take action, in cooperation with State and local educational agencies, to foster communication and contact among Teacher Corps members.

Part F—State Academies for Educators

Part F of the Committee bill authorizes support for three kinds of in-service or professional development academies for teachers and administrators. The need for development opportunities for teachers and administrators cannot be overestimated. Substantial parts of the elementary and secondary curriculum are being reformed and remade by groups such as the American Association for the Advancement of Science, the National Science Teachers Association, and the National Council of Teachers of Mathematics. Thus, even the knowledge and instructional skills of today's most highly qualified teachers will be challenged by the changes underway.

Attention to professional development issues is not new with this reauthorization. Title V currently authorizes the Leadership in Educational Administration Development (LEAD) program and the Professional Development Resource Centers. The former, which supports centers in each State to strengthen the management skills of school administrators, has run the course envisioned for it when it was first enacted and will shortly be fully phased out. The latter, the Professional Development Resource Centers, was to support inservice teacher training programs administered by local educational agencies; it has never been funded.

Rather than continue either of these programs, the Committee's legislation initiates a new substantial and coordinated effort to address the development needs of teachers and administrators. A network of efforts focused on educator development will be created, linking State and local academies created under part F with each other and with the national teacher academies established by part G. And as regards the LEAD program, its purposes can be served by the new State Academies for School Leaders established in subpart 3. Recognizing the contributions and expertise developed by the current LEAD technical assistance centers in training school administrators, the Committee has specifically provided that the current centers are eligible to compete for grants to operate the new State academies. In addition, the new State Academies for School Leaders maintain the criteria under the LEAD program that private sector managers and executives be involved in the conduct of training programs.

To apply for funds, a State educational agency must prepare a plan in consultation with the State's Governor that delineates the activities that will be undertaken by these three kinds of academies. Among other requirements, the plan must describe how the academies relate to achievement of the national education goals; describe how the State will monitor the academies and support independent evaluations biennially (the first coming 3 years after funds are first allocated); assure that the State will continue the academies after Federal funds are no longer available; and describe how the Academies will work to attract minorities, individuals who are bilingual, the disabled, and individuals from areas with concentrations of disadvantaged students.

The Committee wishes to emphasize the importance of training teachers and school leaders in ways which enhance the participation of students with disabilities, including children with lesser-known and newly-emerging disabilities, in the regular classroom when such children require appropriate special education and related services or other supplementary aids and services.

Thus, in addition to providing teachers with an avenue for upgrading their knowledge of specific subject areas, the Committee intends that the Teacher Academies serve the crucial function of providing teachers with a thorough understanding of the skills and strategies necessary to impart academic information to students with varying ability levels and learning styles. Academies should provide teachers with knowledge regarding the learning needs of students who are gifted, who have disabilities (including lesser-known and newly-emerging disabilities), who are economically disadvantaged, and who are ethnically and culturally diverse. Further, given the increasingly diverse nature of the student population, the Committee expects the State Academies for School Leaders to provide participants with skills and strategies necessary to create a school environment conducive to meeting the educational needs of students with special learning needs, particularly those mentioned above.

Subpart 2—State Academies for Teachers

The Committee believes that one productive approach to the training and development of practicing teachers is the creation of State level academies focused on certain, key academic areas. These key areas are English, mathematics, science, history, geography, foreign languages, and civics/government. The academies are to improve teachers' grasp of subject matter and their ability to teach that subject matter. The objective is the establishment of one or more academies in these key academic subjects in every State. Applications to the State educational agency for funding to run an academy may include local educational agencies, higher education institutions, museums, private nonprofit educational institutions, or consortia, of these entities. The Committee stresses the obligation of each academy to make vigorous, effective efforts to recruit teachers to the academy who are minorities, disabled, individuals from areas which concentration of disadvantaged students, and teachers with the potential of acting as mentors to newer, less experienced teachers.

The Federal assistance cannot meet more than 75 percent of an academy's costs in the first year of operation. This matching requirement drops to 35 percent by the fifth year of operation. Although the key academic areas are to be the academies' primary focus, the Committee wants these academies to address other needs as well. To that end, the legislation provides that at least 70 percent of the Federal funds must be used for enhancing subject area knowledge and at least 20 percent must be used for strengthening knowledge in areas not related to the key academic subject areas. The Federal funds are to be used to meet operating expenses, and may include stipends, travel, and living expenses incurred by participating teachers if they cannot be met otherwise.

As part of the linkage among the academies established under part F and the National Teacher Academies established under part G, the Committee bill requires each academy to establish a 10-member panel to select teachers to attend National Teacher Academies. At least half of the selection panel must be composed of classroom teachers.

Subpart 3—State Academies for School Leaders

The Committee believes that the work performed under the Leadership in Educational Administration Development program was sufficiently successful to warrant initiation of a new program to establish a State academy for school leaders in every State whose purpose will be to improve the training and performance of current and prospective school principals and other school leaders. The landscape of school administration is changing. The watchwords today are restructuring and site-based management, among others. The role of the school principal and other school leaders, such as school superintendents, is evolving. School leaders must now learn a multiplicity of new skills and attitudes, such as how to share power; how to assess more rigorously the performance of other administrators, teachers, and staff; how to assume accountability responsibilities effectively; and how to help provide direction and shape the goals for schools and school systems. The academies supported by this subpart will provide current and future school leaders with the training and experience they need to be productive in the new environment.

Each academy is authorized to use its funding to develop and enhance participants' instructional leadership; their skills in school-based management and shared decisionmaking; and their knowledge of school improvement strategies and school level accountability. Academies can be operated by local educational agencies, higher education institutions, museums, private nonprofit education institutions, or consortia of these entities. When recruiting school leaders for the academy's program, these efforts must include activities to attract school leaders who are minorities, disabled, individuals from areas with concentration of disadvantaged, and other individuals with potential to become school leaders. As with the State academies for teachers, Federal funds for the State academies for school leaders are to be used to meet the operating expenses, and may include stipends, travel, and living expenses incurred by participants, if they are not otherwise met. It is at the school building level that many of the critical changes and challenges are occurring. As a result, the Committee bill requires that at least 70 percent of the participants in each academy must come from the school building level. Federal funds can meet only a portion of the total expenses of each academy, dropping from 75 percent in the initial year of funding to 35 percent by the fifth.

Subpart 4—Professional Development Academies

One of the most promising efforts to address the training and development of practicing teachers is the professional development academy. The Committee's bill last Congress, the National Teacher Act of 1990, placed emphasis on the role that professional development academies or schools could, and should, play in strengthening the skills of today's teachers. Last Congress, the Committee heard persuasive testimony from Joseph Fernandez, then-superintendent of the Dade County, Florida school system, and from Judy Johnston, director of the Schenley High School Teacher Center in Pittsburgh, Pennsylvania. Superintendent Fernandez described the Dade Academy for Teaching Arts in Miami. These efforts are school-based. That is, teachers from throughout the respective school system come to the professional development school to receive in-service training and be reviewed in a real school setting. An important component of the professional development academy model is the collaboration in the academy of the local educational agency and an institution of higher education. New teachers can be trained in this environment; experienced teachers can impart and improve their skills. In characterizing what a professional development academy or school is, the Holmes Group, a consortium of research universities seeking to reform their teacher preparation programs, captured what the Committee's legislation seeks to accomplish.

> A Professional Development School will be a center of responsible innovation where new programs and technologies can be tried out and evaluated.
>
> It will be a place where faculty of the school and of the university both experience the "whitewater" feeling of working at the edge of their knowledge.
>
> It will be a place where new teachers, just forming their knowledge and technique, taste the reality of classrooms similar to those where they're likely to get their first jobs, and where they also see the skill, hear the counsel, and feel the support of expert teachers.

The Committee's bill authorizes funding for the establishment of at least one professional development academy in each State, offering new teachers and school leaders the chance to work with mentor or master teachers and faculty from higher education institutions. Applicants for funding from the State educational agency must be a partnership linking one or more local educational agencies with one or more higher education institutions. In recruiting teachers and others to participate in these academies, efforts must be made to attract minorities, the disabled, and persons from areas with a concentration of disadvantaged students. The Committee stresses that these academies must be designed and conducted by higher education faculty and teachers from schools that have demonstrated academic excellence. The higher education faculty must include subject area experts. As with the other academies established by this part, the Federal funds are to be used to meet operating expenses, and may include stipends, travel, and living expenses of participants, if not otherwise met. Federal funds cannot meet more than 75 percent of the operating costs of any academy during its first 3 years of funding. That Federal share drops to 50 percent in the next 2 years.

Each academy must provide training and internships for potential or new teachers in school settings under the direction of master or mentor teachers and higher education faculty. It must also provide mentoring and induction for new teachers, including those coming into teaching from alternative routes. Of singular importance to the Committee, these academies must work to increase the capability of prospective, novice, and experienced teachers to teach a diverse student body, including disadvantaged students, disabled students, students with limited English proficiency, and students from different cultural backgrounds. To equip teachers to address the new reform efforts in education, these academies must also be about the work of strengthening teachers' classroom management skills and their abilities to function and prosper under school-based management. Finally, it is the expectation of the Committee that these academies will serve as places of experimentation and research on the art of teaching.

Subpart 5—Teacher Awards

The Committee appreciates the importance of recognizing teaching excellence, both to retain truly outstanding teachers in the classroom and to inspire other teachers to strive for these standards of excellence. To that end, the bill authorizes a program of teacher awards to be made by the State academies for teachers established under part F. Each State educational agency allocate funds to the academies based on their number of full-time equivalent public school teachers attending each academy compared to the number of full-time equivalent public school teachers in the State. Awards of up to $5,000 can be made only to full-time public and private school teachers on the basis of criteria developed by each academy, and approved by the State educational agency. These criteria may include the skills of the teacher in educating disadvantaged or disabled children; educating the gifted and talented; increasing achievement in the key academic areas; introducing a new curriculum or strengthening an existing one; or serving as a master teacher.

Part G—National Teacher Academies

To provide the appropriate and necessary national perspective on the training and development academies established by this legislation, the Committee authorizes creation of National Teacher Academies. These academies will bring our national level expertise in critical subject areas to bear on the development needs of our elementary and secondary teaching force. As the fundamental curricular reform in many subject areas continues, there is an increasing need for a way of exposing teachers to those developments, and preparing them to adopt those changes and adjust their teaching methods to take full advantage of these reforms.

Under this program, the Secretary of Education competitively awards 3-year grants to eligible recipients, which include higher education institutions, private nonprofit educational organizations, or combinations of these entities. They must have demonstrated expertise in specific subject areas; and, as important, they must have demonstrated expertise in providing in-service training of teachers at the national, State, and local levels. The Committee envisions the creation of at least one, but not more than three, national teacher academies in each of the following subject areas: English, math, science, history, geography, civics/government, and foreign languages.

Funds may be used for a variety of training and development activities. These include the in-service training of teachers and administrators, with the object of strengthening their subject matter expertise; the development of techniques for teaching such subject matter knowledge, including techniques for teaching these subjects to disadvantaged students, limited English proficient students, and disabled students; guiding teachers in applying the most recent educational research; showing how to integrate materials from different disciplines into classroom instruction. These academies must conduct at least one summer institute of at least 3 weeks' duration each year. The attendees are those teachers chosen by the 10-member selection panels established by the State academies for teachers. These State delegations must include one school administrator with authority over in-service teacher training, and at least five teachers, two of whom must teach at the elementary school level. These delegations must attend the appropriate subject area summer institute conducted by a national teacher academy and then help in the further development and operation of that academy.

To further strengthen the linkages between the national teacher academies and the State academies for teachers, the bill requires the national academies to provide support services to State level teacher academies, including establishing a national network of persons to provide assistance to the State academies. In addition, the national academies are to provide consultation to the State teacher academies in designing and implementing programs of in-service education, and to share useful information with the State academies through such devices as monthly newsletters. The national teacher academies must coordinate their activities with teacher institutes supported by various Federal agencies, including the National Science Foundation and the National Endowment for the Humanities.

The Committee stresses that each national teacher academy must devote at least 70 percent of its time to the basic course content needed for improving the quality of public and private schools. Not more than 30 percent of its time can be taken up with activities focused on improving methods of instruction.

In keeping with the emphasis on evaluations of this reauthorization legislation, the Secretary of Education is required to prepare a biennial evaluation of the national teacher academies.

The authorization level for this program is $35,000,000 for FY 1992 and such sums as necessary for the next 6 fiscal years. Not more than $5,000,000 can be appropriated to national teacher academies in each subject area. If the annual appropriation falls below $14,000,000, then the maximum that can be awarded to each subject area is $2,000,000 in the order in which the subject areas are listed in the legislation. Subject areas are funded until the appropriation is exhausted. When the annual appropriation equals or exceeds $14,000,000, each subject area is to be funded equally.

Part H—Alternative Routes to Certification of Teachers and Principals

States are experimenting with alternative routes to certification and licensing for teachers and principals, primarily to attract highly qualified individuals to those positions. The traditional avenues, through teacher education programs, that must be followed to become a fully certified teacher or principal can pose a disincentive to individuals whose subject matter expertise and work experiences make them very attractive as prospective teachers and principals. The experience of States like New Jersey and Texas with alternative routes to certification demonstrate that these efforts can be effective in improving the caliber of prospective teachers. Perhaps even more significant, these programs are proving particularly effective in attracting minorities to teaching.

Under this program, states submit applications, through their State educational agencies, to the Secretary. Funds may be used, among other purposes, to permit qualified professionals who have demonstrated competence in a subject area outside of education to fulfill State certification and licensing requirements. Similarly, principal candidates should be permitted to substitute demonstrated competence in administration and management for such certification requirements as teaching experience or educational supervisory experience. Such funds are to be allocated to each State based on its share of the 5–17 year old population or on the amount for which the State applies, whichever is less. In developing its application, each State educational agency must consult with representatives of local educational agencies, representatives of school teachers and principals, parents, and other interested parties.

Part I—Middle School Teaching Demonstration Programs

The middle school years are years of critical transitions for our young people. Far too many become disaffected from school at this juncture and drop out, or begin the process of disengaging from school. As David A. Hamburg, President of the Carnegie Corporation of New York wrote in the Foreword to the Carnegie Council on Adolescent Development's 1989 report Turning Points: Preparing American Youth for the 21st Century:

> The challenge for educational and related institutions is . . . to help provide the building blocks of adolescent development and preparation for adult life. Yet most American junior high and middle schools do not meet the developmental needs of young adolescents. These institutions have the potential to make a tremendous impact on the development of these students—for better or for worse—yet, they have been largely ignored in the recent surge of educational reform.

The Council itself stated in its report, "Dramatic changes are needed in both what individuals learn to become middle grade teachers and how they learn it. Above all else, prospective middle grade teachers need to understand adolescent development through courses and direct experience in middle grade schools." The program established by this part may help address the critical needs at this level.

This program authorizes grants of up to 3 years to higher education institutions that offer teacher training and retraining program for the development of model programs to prepare individuals for teaching at the middle school level (grades 6 through 9). The Committee is particularly concerned that the projects supported by this program address some of the key aspects of the educational and social lives of adolescents at the middle school level. As a result, eligible programs must include study of adolescent development; study of how institutions such as schools, families and peers affect the socialization of adolescents; information on the organization and practices of middle level schools, particularly those approaches that are developmentally appropriate; training in two or more subject areas and instructional strategies; actual experience in middle grade classrooms with exemplary teachers; strategies for preventing and detecting high risk behavior; study of effective ways of providing substance abuse information and education to adolescents; and ways of encouraging parental and community involvement in middle level schools. Finally, the program must have been designed and operated with the active involvement of classroom teachers; and it must include an in-service component.

Part J—National Migrant Education Mini-Corps Program

The Committee is establishing a new program that will provide critically needed educational role models to migrant children.

The Secretary of Education is to conduct the National Migrant Education Mini-Corps program for migrant students. The authorized activities of this program include providing counseling, training, and instructional services to migrant students who are enrolled, or planning to enroll, in higher education institutions so that they may act as role models for migrant children. Similarly, the Secretary is to support outreach and recruitment services to migrant students in teacher training programs, so that they too may be role models for migrant children. To provide more direct assistance to these migrant children, the Secretary is to support migrant higher education students in providing direct instructional services to migrant children participating in the chapter 1 programs for migratory children. These services may be provided during the summer or regular school months and include giving lessons and providing instructional materials, working to reenforce basic skills and concepts, and giving instruction in other areas such as environmental or health education. Migrant students who participate in this program for at least 10 but not more than 15 hours a week will receive a stipend. By January 1, 1996, the Secretary is to evaluate this program and report on its results to the appropriate committees of Congress.

A Mini-Corps program has functioned successfully in California since 1967, and the Committee hopes that this demonstration program will encourage the development of similar projects at State and local levels nationwide.

Part K—Foreign Language instruction

Far too little foreign language instruction takes place in our Nation's elementary and secondary schools. Even through interest in foreign languages may be reviving within our secondary schools, there is a decided shortage of foreign language teachers. Students in those developed countries with which the United States competes economically study foreign languages to a greater extent than do students in this country. In order to regain our competitive position in the world economy, it is important for foreign language instruction to be substantially strengthened. To address this need, the Committee is establishing two new programs that will improve the capacity of the teaching force to tech foreign languages and the quality and distribution of relevant instruction materials.

Subpart 1—Demonstration Grants for Critical Language and Area Studies

This subpart authorizes the Secretary of Education to provide demonstration grants to consortia for the operation of critical languages and area studies program, the acquisition of educational equipment and materials, and activities to improve the capacity to teach foreign languages in elementary and secondary schools. These critical languages are those designated by the Secretary in the *Federal Register* of August 2, 1985 (p. 31413) for title II of the Education for Economic Security Act. Each of these consortia must involve at least four schools, of which one must be a higher education institution, one must be a secondary school with experience in teaching critical languages, one must be a secondary school with critical foreign language experience and in which at least 25 percent of its students are eligible to be counted under Chapter 1 (compensatory education program for educationally disadvantaged students) of the Elementary and Secondary Education Act, and one must be a secondary school meeting that 25 percent Chapter 1 requirement. Each consortium funded under this subpart must conduct a study abroad or a cultural exchange program. Further, the Secretary of Education in awarding grants is to give priority to consortia with experience in this area and which have been in operation for at least a year prior to applying for assistance.

The Committee recognizes that the determination of which languages are critical must be flexible and depend upon a variety of factors such as geography, economics and security interests. Given those factors and in light of both long-term and current national needs, the Committee believes that priority should be given to Russian, Japanese, Chinese, Arabic and Korean. The Committee does not intend, however, to exclude other languages where the circumstances warrant.

Subpart 2—Development of Foreign Language and Culture Instructional Materials

This subpart authorizes the Secretary of Education to award competitive grants to State and local educational agencies, higher education institutions, private nonprofit foreign language organizations, nonprofit education associations, or consortia of these entities. Recipients of Federal funding are to act as resource centers for the development and dissemination of foreign language and culture instructional materials; and for the encouragement of expanded use of technology in teaching foreign languages and culture. When appropriate, the Secretary is directed to utilize materials and technologies developed under the Star Schools Assistance Program Act.

Part L—Early Childhood Staff Training and Professional Enhancement Grants

The Committee recognizes that child care needs in the United States are increasing dramatically. Yet early childhood care and education has reached a staffing crisis. The turnover rate for early childhood staff is roughly 41 percent. Salaries are very low, often at the poverty level. Early childhood experts have pointed out that the field of early childhood is "dead-end" and lacking in professional and societal recognition and value. This makes it very difficult to recruit qualified professionals. Moreover, current preparation for staff is fragmented, underfinanced, and piecemeal. Without more emphasis on professional training and the needs of early childhood staff, children in early care and education programs will not meet their potential.

The Early Childhood Staff Training and Professional Enhancement Grants, originally a free-standing bill (S. 1730), would establish a new source of funding specifically to develop, implement and expand preprofessional and in-service training and formal education of early childhood staff. Research shows that training and formal specialized education of early childhood staff is a determinant of high quality early childhood programs. Studies also show that children who attend high quality programs are better prepared to learn at school, have higher language skills, and better social skills.

The Committee intends that these competitive grant funds will be used by states to plan a comprehensive, cohesive model of staff training and to implement the model within the five year grant period. The Committee also strongly suggests that the Secretary of Education award no more than 5 grants per fiscal year and that no grant award exceed $3 million.

The state plan should closely reflect the recommendations of the appointed Advisory Committee. The plan should include a model for career and training development which creates a cohesive and comprehensive progression of roles for staff. Training offerings should reflect the changing knowledge base in development, health, education, substance abuse, physical, developmental and emotional disabilities of young children, and family social services. The Committee recommends that training for staff roles of administrator or director include non-profit management and other business skills.

In particular, the state plan must include coordination among institutions of higher education and training programs to facilitate professional education and career growth. Colleges typically do not accept previously earned competencies and credits from in-service training when the individual pursues a certificate or degree program. There must be continuity between all levels of training, including college and graduate degrees. States must make every effort in coordinate training offerings, state agency requirements for teacher and child care staff licensing, regulations, and certification, and federal, state and local funding sources relevant to early childhood care, development, and education.

The Committee commends those states such as Washington, Connecticut, Massachusetts, Delaware, California, and others that have begun the process of developing a cohesive training system for early childhood staff that is related to a career ladder. It is the Committee's hope that these grants will stimulate innovative activities in other states and that good models will be replicated and implemented.

Early childhood staff and programs are especially important at this time as the country strives to meet the first national education goal: That all children will be ready to learn when they go to school.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

The importance of support for foreign language and international studies programs has been increasingly recognized in recent years. Radical changes are taking place in the governments of the Soviet Union and Eastern Europe, South Africa, Mexico, the European Community, and many other nations of the world, while our economy is becoming increasingly immersed in global competition. These developments amplify the already pressing need to broaden our understanding of foreign languages and cultures, so that we may more intelligently play our unique role on the world stage.

The international education programs of title VI have been the primary response of the Federal government to the Nation's critical need for expertise in foreign language, area and international studies since 1958. Dr. William H. Mobley, President of Texas A&M University, informed the Subcommittee on Education, Arts and Humanities that title VI funding "has been vital for the training of a national cadre of competent teachers and scholars in foreign language and area studies." He stressed:

> American must become a more productive, globally competent and internationally competitive Nation. Education is the key. Universities must prepare Americans for full participation in a global community and a world economy. Title VI programs are an essential element of this effort.

At a time of unprecedented global challenges, the Committee recognizes and reaffirms support for title VI programs as vital to the national interest. The Committee bill extends and expands the authorization for title VI programs, placing greater priority on programs serving undergraduate students, emphasizing support of linkages with overseas institutions, adding a new program for training of minority foreign service officers, and incorporating certain exchange programs of the Fullbright-Hays Act into the Higher Education Act.

Part A—International and Foreign Language Studies

National Resource Centers

Increasing global interdependency necessitates, as never before, the development of a cadre of international experts, and the purpose of part A is amended to reflect this pressing need. Part A is further modified to emphasize the requirement for greater diversity in the institutions served under the National Resource Centers program. The Committee believes that as an increasing number of higher education institutions seek to internationalize their curricula, student bodies and faculties, excellence in international programs will come in greater variety. This is to be welcomed and encouraged, as the United States needs a national network of diverse programs at 2-year, 4-year, private, state, historically African-

American, and other institutions of higher education. The National Resource Centers program is further amended to authorize the use of funds to establish or maintain linkages with overseas institutions or organizations, as well as for outreach activities. The Committee notes that while resources are provided for university linkages under certain USIA and USAID programs, these resources are limited in amount and in scope, with objectives that relate to the Federal agency's mission. The intention here is not to duplicate such programs, but to enable the Department of Education and the title VI recipients to establish linkages which specifically tie into the educational scope and objective of the title VI mission.

Regarding foreign language and area studies (FLAS) fellowships, the requirement under current law that recipients be engaged in a program of "competency-based language training" is revised to accommodate for students of less commonly taught languages (LCTLs). The Secretary's reference in regulations "established national standards" limits the LCTLs to evaluation measures which exist for only a few languages, which are still undergoing revision, and which are as yet inadequate for many LCTLs. The Committee intends its amendment to allow more flexibility for the LCTLs to develop innovative approaches to their curriculum based on performance goals appropriate to the unique cultural and linguistic attributes of each language. The currently unfunded second tier FLAS program, which authorizes stipends to be awarded to students in their third or later year of postgraduate study, is replaced with a similar but less administratively complex program. The concept of a second-tier FLAS is continued, as the need for assistance to advanced doctoral students is widely accepted; administration of the program, however, is shifted to the National Resource Centers.

Language Resource Centers

It is the Committee's intent that the language resource centers, which utilize a variety of activities to enhance the teaching and learning of foreign languages, be national in scope and limited in number. In light of the national language teaching crisis, the Committee believes that this section and the modest funds available should be better focused. Language pedagogy is one of the few international study fields where a selected few centers can create and disseminate materials of use throughout the Nation and the world.

Undergraduate International Studies and Foreign Language Programs

Increased emphasis is placed on section 604, Undergraduate International Studies and Foreign Language Program, which is amended to ensure: that Federal funds are used as seed money for the creation of new programs and do not exceed 50% of the costs of projects; and that there is more flexibility in the integration of degree programs. This section specifies that funds are authorized for a wide variety of activities, from developing teaching and research to strengthening curricula, from expanding library resources to conducting summer institutes. In addition, the Committee has given the Secretary authority to expand and diversify the overseas study abroad opportunities to United States undergraduates. Less than one percent of our undergraduates currently study abroad, and more than 75% of them study in a few traditional locations in Western Europe. The Committee proposal would enable the Department of Education to assist institutions and partnerships in developing new study abroad options for students. The program is proposed as a separate subsection (b) to ensure that it receive dedicated support and that review mechanisms be established to meet national priorities for diversifying study abroad opportunities.

Research; Studies; Annual Report

As rapid growth and evolution in international education has occurred in recent years, it is the Committee's intention that research and dissemination be a higher priority for the Department of Education. In revising the list of possible research studies under section 606, the Committee included activities viewed as critical to the further development of foreign language, area studies, and other international fields. Because this function is so important, the Secretary is encouraged to be fully proactive in making the results of research projects known and available to the education community.

Periodicals and Other Materials Published Outside the United States

The importance and value of acquiring, maintaining, preserving, and providing access to foreign research materials and information is undisputed. The Committee has heard from witnesses who noted the critical need to maintain collections that reflect the rapid and profound political, social, economic, and cultural changes in the international order. In addition, the difficulty of maintaining current acquisition levels, in the face of declining dollar values and rising publication costs, has limited the ability of libraries to service other title VI programs and the scholarly community. The Committee is therefore concerned that section 607 has not been adequately funded, and hopes that adequate appropriations will be forthcoming. This program, once strengthened and funded, will be pivotal in ensuring the survival and maintenance of our national resource collections and in supporting scholarship in foreign area study programs throughout the United States. To expand the program's scope, the heading of the section is revised to refer not only to periodicals but also to other research materials. As a final amendment, language is added to the text to ensure that periodicals and other materials are maintained in machine-readable form and made widely available.

Equitable Distribution of Funds

The Committee has added language to section 609 to require the Secretary to ensure that an appropriate portion of part A funds are used to support undergraduate education. While current title VI funding is much too low to address the needs of the over 3,000 U.S. undergraduate institutions, the Committee has strengthened the undergraduate programs and believes that a greater proportion of new funds should be committed to section 604. This is important from the standpoint of expanding the base upon which graduate and post-graduate foreign language, area, and other international expertise may develop. It is also critical for those students who will not undertake graduate work but whose careers will have an international dimension.

American Overseas Research Centers

A new authorization of competitive grants is added to part A for American Overseas Research Centers, which are consortia of American universities, colleges, museums and research societies. There are 14 operating Centers, each of which serves the post-graduate research needs of American scholars and institutions in a specific region or country overseas. The Centers facilitate area studies by offering fellowships and scholarly resources, publishing research findings, coordinating overseas research activities, and assuring access to host-country archives and libraries. American universities, colleges, and museums have over 600 separate memberships in the various Centers, which are, in essence, the international counterparts of the National Resource Centers at American institutions of higher education.

Program funds are currently available from a number of sources, but increasing demands by the academic community and rising inflation have eroded the operations base of the Centers such that the continued existence of some is in jeopardy. Even the strongest Centers cannot continue to meet sufficiently the demands of the American academic community for services in the host-countries. The Committee seeks to alleviate this situation by making the Centers eligible for funding through the Department of Education, and expects that the Department will give a high priority to the funding requests made by the Centers pursuant to this provision.

Only Centers which are fully accredited members of the Council of American Overseas Research Centers (CAORC), Smithsonian Institution, are eligible for grants and contracts pursuant to this section. Funded in law through the Smithsonian Institution, CAORC functions as the accrediting agency for overseas Centers, coordinates the activities of the Centers in Washington, and serves as an information clearinghouse for the offices of the host countries.

Part B—Business and International Education Program

National security concerns were a major motivating factor for providing Federal aid to international education. More recently, concerns about this Nation's ability to compete in a global economy have prompted Congressional support for international business education. Part B is the cornerstone of Federal efforts in this area: the Centers for International Business Education, established at universities nationwide, serve as national resources for the teaching of international business techniques and methodologies while providing research and training in international trade, commerce, and other fields; and Education and Training programs promote linkages between institutions of higher education and the American business community. The success of these increasingly timely programs has led to their being extended with minor changes and increased authorizations. The only amendments specify that funds may be used to establish or maintain linkages with institutions of higher education or other organizations overseas or for summer institutes in international business, foreign area and other international studies. For the Centers for International Business Education, the Committee authorizes $10,000,000 for FY 1992 and such sums as may be necessary for the succeeding 6 fiscal years. For the Education and Training programs, the Committee authorizes $6,000,000 for FY 1992 and such sums as may be necessary for the succeeding 6 fiscal years.

Part C—Minority Foreign Service Professional Development Program

In a statement entitled A New Partnership for Tomorrow's Diplomacy, Deputy Secretary of State Lawrence S. Eagleburger stated the following:

> Our government, including its foreign affairs agencies, must set the example by fully representing the diversity and the pluralistic nature of our society and the pratical relevance of our ideals. This means attracting and maintaining greater minority participation throughout our work force * * * Perhaps more than any other arm or agency of the Federal Government, we in the Department of State must reflect our Nation's heterogeneity and exemplify our country's promise of advancement on the basis of merit for all our citizens * * * (It) is past time that African-Americans, who have sacrificed so much to build and defend this country, be given a truly equal opportunity to serve as shapers of American foreign policy and as representatives of the United States on the world stage.

Depite improvement in recent years, statistics reveal that the State Department is a long way from achieving these stated goals: overall minority representation in the United States Foreign Service is only 13%, and overall black representation is 6%. To address such shortcomings, the Committee has added a new part C to title VI. This program awards competitive grants to institions of higher education with significant minority student enrollments to help prepare underrepresented students for careers in the Foreign Service. Institutions are authorized to use funds for junior year study abroad programs, fellowships, intensive academic programs, and intensive language training. The Committee is committed to providing truly equal opportunities for advancement for all Americans, and part C is a large step in this direction.

A number of colleges and organizations have expressed interest in engaging in the type of partnership effort that is authorized by part C. These include the colleges listed in S. 1747, on which this new program is based, and the organization TransAfrica. The Committee emphasizes, however, its intent that competition for grants under this program is intended to be an open one and that grants are to be made based on the quality of the applications and the expertise of the applicants.

Part D—Fulbright-Hays Educational and Cultural Exchanges

Finally, the current portion of the Fulbright-Hays Act that is administered by the U.S. Department of Education (sec. 102(b)(6) of the Mutual Educational and Cultural Exchange Act) is moved from that Act into title VI. This program is aimed at improving the competence of teachers of foreign language and area studies in American schools and institutions of higher education. Specific activities include faculty research abroad and doctoral dissertation research abroad. Any personnel, assets, etc., associated with this program that are not already part of the U.S. Department of Education are to be transferred to the Department. This program will continue to be coordinated with other programs of the Mutual Educational and Cultural Exchange Act, but the transfer will enable the same authorizing committees which have oversight over title VI to have review over its complementary overseas programs. The Committee believes that it is especially important at a time of growth and evolution in international education that the two programs not only be administered together but also reviewed together. In addition, the Committee intends that this transfer not be viewed by the Congressional Budget Office, Appropriations Committees, or the Office of Management and Budget as a consolidation inviting a reduction in funding. Fulbright-Hays should continue to have a permanent authorization and be treated as a separate but complementary overseas program, with a continued separate line in the budget and appropriations process. Funding for this program, in constant 1991 dollars, has declined by over 50% since FY 1967. The program continues to diminish, and many well-qualified projects are turned down for lack of funds. The Committee believe that it is time to reverse the erosion of this program.

New language is added to open up funding opportunities for faculty and students who are not necessarily planning a career in education, but whose careers necessarily include an international dimension. This will enable the overseas program to conform to the current international needs of disciplines other than education. Further, the program is amended to promote advanced research overseas by consortia of higher education institutions. This addition is intended to enable consortia of institutions of higher education to maximize the resources that a combined undertaking in this regard would generate, in ways which could also be utilized by other U.S. institutions of higher education.

Part E—General Provisions

The Committee has added a provision specifying that American institutions operating abroad that are licensed and accredited in the United States and which directly contribute to the international education of American students and faculty in international studies are included as eligible institutions of higher education under title VI. Such postsecondary schools directly contribute to the objective of title VI: the training and development of American students in international education programs. The inclusion of these schools demonstrates as commitment by the Committee to improve the ability of American citizens to understand other cultures and to compete in the international community. Like their domestic counterparts, these provide all of the advantages of an American education: excellent curricula and faculties; libraries with large foreign language resources; exceptional research and language facilities; and an environment that promotes the free exchange of ideas. The participation of these schools will complement and enhance existing language and area studies programs sponsored by postsecondary institutions located in the United States.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Academic facilities in this country are eroding at an unprecedented rate. Based on actual survey data, a 1989 report entitled *The Decaying American Campus: A Ticking Time Bomb* estimates that more than $60 billion is needed for capital improvements. Of this amount, $20.5 billion is urgently needed, according to the report. Witnesses told the Subcommittee on Education, Arts and Humanities that, in recent decades, the rapid expansion of postsecondary education and the increasingly high cost of educating students has resulted in many institutions' deferring routine maintenance, repairs, and renovation. Among other tragic consequences, physical deficiencies have caused research programs and scientific experiments to be destroyed, postponed, or canceled. Additionally, the Committee is deeply concerned by testimony that the lack of adequate facilities will prevent training in the advanced areas of science and technology necessary for the United States to maintain a competitive educational and economic advantage in the world at large.

Title VII is the primary Federal response to the infrastructure problems related to the deterioration of the facilities at postsecondary institutions. From 1965 to 1978, its programs were instrumental in funding over 4,000 facilities at nearly 2,000 institutions nationwide. Unfortunately, the past successes of title VII contrast starkly with the virtual absence of funding since the late 1970s: the only funding currently available is a $30 million borrowing authority for college housing and academic facilities loans, which the Administration proposed to eliminate. And the only general-purpose facilities program, the National Science Foundation's Academic Facilities Modernization Program, has been funded at less than 10% of its $250 million authorization level. It is with the current crisis in mind that the Committee has restructured and reinforced title VII. While the Federal government cannot come close to meeting the magnitude of the need in this area, it can take the lead and it is the Committee's intention to do so.

To make way for a more streamlined and effective title VII, the Committee has repealed substantial portions of current law; in general, none of these is a currently active source of funds for postsecondary facility awards. Former Part A, Grants for the Construction, Reconstruction, and Renovation of Undergraduate Academic Facilities, has not been funded in at least the past 5 years. Former Part B, Grants for the Construction, Reconstruction, and Renovation of Graduate Academic Facilities, received one competitive grant in FY 1991, one earmarked grant in FY 1988, and several discretionary grants in FY 1985 and FY 1986; regular funding was last provided in FY 1970. With regards to former Part C, Loans for Construction, Reconstruction, and Renovation of Academic Facilities, there has been no authority for new loans during the past 5 years. Former Part D, Grants to Pay Interest on Debts, receives a mandatory annual appropriation for the payment of interest on prior year grants, but no new grants have been awarded since 1973. Earmarked funds were made available to former Part G, Special Programs, in FY 1987, FY 1988, and FY 1991. Finally, former Part J, Agriculture, Strategic Metals, Minerals, Forestry and Oceans College and University Research Facilities and Instrumentation Modernization Program, has not been funded.

Part A—Improvement of Academic and Library Facilities

The centerpiece of the Committee bill is a new Part A; it may be cited as the Higher Education Facilities Act of 1991. It awards Federal grants to States with an allocation formula with 50 percent of the funds distributed by population and 50 percent by the number of students attending institutions of higher education. Each State allotment must be distributed on a competitive basis through grants to eligible public and private institutions for the improvement, renovation, or repair of academic facilities, libraries, telecommunications equipment used for postsecondary education, or the construction of academic and library facilities if deemed necessary by the State. Priority in awards must be given to institutions that serve large numbers or percentages of minority or disadvantaged students.

Each Federal grant must be matched, either by the State higher education agency or by the individual institutions eligible for awards. State allotments are reduced by the amount of Federal funds received by eligible institutions within the State from direct, noncompetitive awards (earmarked funds). Each State must ensure equitable participation of private and public institutions, and must apply to the Secretary to participate in the program; each institution must submit an application to the State higher education agency to participate. Eligible institutions include institutions of higher education, museums, nonprofit research and scientific institutions, and public telecommunications entities. The allotment for any State that elects not to participate is redistributed to States participating in program. There are authorized to be appropriated $400 million for FY 1993 and such sums as necessary for the 6 succeeding years.

Part B—College Construction Loan Insurance Association

The former Part E, College Construction Loan Insurance Association (Connie Lee), is extended and redesignated by the legislation as part B with no significant changes. The creation of Connie Lee was authorized by Congress during the 1986 reauthorization, and the company was founded in 1987 as District of Columbia for-profit insurance holding company. Connie Lee provides insurance and reinsurance of education facilities obligations and is the only AAA monoline financial guarantor dedicated solely to insuring the obligations of eduation-related issuers. With its initial equity capital (provided by the Department of Education and the Student Loan

Marketing Association (Sallie Mae)), Connie Lee was able to begin reinsurance actitives on more than $1.5 billion of bonds. Since then, the company has also been working to raise the additional capital which it needed to act as a primary insurer, and in October of this year Connie Lee announced the successful completion of a private offering raising the $65 million necessary to secure a AAA rating as a direct insurer. Connie Lee will now be able to begin to fulfill both of its Congressional mandates.

Part C—Loans for Construction, Reconstruction, and Renovation of Academic, Housing, and Other Educational Facilities

The former Part F, Housing and Other Educational Facilities Loans, is extended indefinitely and redesignated as part C by the legislation. The definition of eligible institutions is expended to include graduate academic facilities; previously, eligibility was limited to undergraduate academic facilities. This action provides a single loan program to support both undergraduate and graduate facilities, college housing, and related support facilities. Under the former provisions, new loans were awarded during each of the past 5 years, including 20 loans in FY 1991 and 17 loans in FY 1990. Under the Committee bill, $30 million for FY 1993 and such sums as may be necessary for the 6 succeeding years are authorized to be appropriated for this program.

Part D—General

The former Part H is redesignated as Part D. The only substantive change to this part is a provision that the Secretary may, under certain specified circumstances, forgive all or a portion of the balance due on any loan made under former parts C or F or under the College Housing and Academic Facilities Loan program. Among other things, an institution's indebtedness must equal at least one-half of its operating budget in order for the institution to be eligible for forgiveness. In establishing this provision, the Committee intends to alleviate the financial burdens placed on the most at-risk institutions.

To maintain prior commitments, the legislation includes a new authorization of appropriation for such sums as may be necessary to pay obligations incurred prior to FY 1987 for part C and part D of title VII, as those parts existed before the effective date of the Higher Education Act Amendments of 1991.

TITLE VIII—COOPERATIVE EDUCATION

Cooperative education provides students with an opportunity to combine traditional classroom curricula with supervised, employer-paid work experience in related fields. It is a cost-effective program which has demonstrated clear success in enhancing career preparedness, technological capability, and ease of access to professional careers, and it is particularly important for underrepresented populations and students from middle-income families. The Committee believes that co-op is a key to addressing the major concerns of equity of access and affordability in higher education, effective school-to-work transition, and economic competitiveness in industry.

The current interest in financial assistance to middle income families makes co-op particularly attractive and timely. However, only 2% of students in institutions of higher education participate, and only one-third of such institutions have programs available. Title VIII can play a vital role in promoting equity of access to the benefits of co-op, and it is reauthorized with several modifications that are intended to serve such a purpose. In order to meet the increased demand, as well as to increase outreach to underrepresented populations, the Committee has amended the allocation formula to establish that at least 50% of funds be used as seed money for new programs. Such resources will ensure that proven models of co-op education programs reach out to new populations and areas of study. Additionally, at least 25% of funds have been set aside for established programs, not more than 11% for demonstration programs, not more than 11% for training and research centers, and not more than 3% for research. The Committee believes that this new allocation formula will lead to a more effective and efficient use of Federal funds.

In order to tighten the accountability of co-op programs, the Committee bill specifies that allocations will be based on the number of "unduplicated students." In the past, there has been confusion regarding the counting of duplicated placements, when students placed in more than one job during the academic year were counted more than once. There has also been some confusion over the inclusion of students who are interested in co-op but not placed in a job. The term "unduplicated students" reflects the Committee's intention that only students who are placed should be counted, and that each student placed during the academic year should be counted only once. This change should simplify both evaluations and comparisons of program size.

Under former law, new grants for administration were awarded for no more than 5 years; a recipient of such an award was not eligible for another award until at least 2 additional years had passed and expenditures for the cooperative education program had been maintained from nonfederal sources during that time. Under the Committee's legislation, "new" administration grants will be awarded for up to 5 years. A recipient can then obtain up to 5 additional years of assistance under the "continuation" grant provision. No "new" awards would be granted to any institution receiving any type of award during the previous 10 years. Another modification of current law concerns the Federal share for administration grants. Under former law, the Federal share was 90 percent for the first year, declining in stages to 30 percent in the fifth year; under the new legislation, the Federal share for administration grants, either new or continuation, is 85 percent in the first year, declining to 25 percent in the fifth year.

The Committee has added provisions to encourage new institutions to participate in co-op programs, to ensure that institutions will maintain fiscal support for programs, and to limit the size of grants awarded to established programs. In addition, the legislation limits the award of contracts for demonstration projects, training centers, and research to no more than 3 percent of the amount appropriated for contracts with institutions of higher education and to no more than 3 percent for contracts with other public or private nonprofit entities.

Finally, the Committee believes that cooperative education programs can be especially important for students with disabilities in effecting a transition from educational and training settings to the workplace. As the success of such efforts is critical to national education, economic, and social goals as identified in the Americans with Disabilities Act, the Committee encourages the Secretary to ensure that the criteria for the award of grants and contracts authorized under this section include incentives for the development of proposals which address the needs of persons with disabilities.

TITLE IX—GRADUATE PROGRAMS

Recent studies have revealed several disturbing trends regarding the number of students pursuing graduate education in America. According to Institutional Policies to Improve Doctoral Education, a policy statement of the Association of American Universities and the Association of Graduate Schools, the proportion of U.S. students earning doctoral degrees has been decreasing for two decades, and the absolute number of U.S. doctoral recipients has been declining for over a decade. Of those students who do enroll, many are taking far too much time to complete their degree programs. Further, accompanying this decreasing supply will come a growing demand. A recent study for the Department of Education, for example, revealed that by the year 2000, 39 percent of the social science faculty and 49 percent of the humanities faculty nationwide are expected to stop teaching. By the turn of the century, it is projected that there will be only seven candidates available for every ten vacancies in the humanities and social sciences.

Due to the importance of science and technology to the Nation's economic and military competitiveness, the Federal government invests heavily in the production of scientists and engineers through such agencies as the National Science Foundation, the National Institutes of Health, and the National Aeronautics and Space Administration. The Committee is concerned, however, that considerably less support has been provided to programs in the humanities and social sciences. Title IX has been the primary means of Federal assistance in these subject areas, which are responsible for, among other things, the preservation and interpretation of our intellectual and cultural heritage. Through reauthorization, it is the Committee's intent to strengthen this commitment by increasing individual opportunity for graduate and professional study and by promoting both the quality and diversity of college and university faculty. The title has been restructured into two parts to underline the importance of these goals.

One area about which the Committee feels particularly strong concerns stipends to students, which are currently too low and available to too few. As Theodore Ziolkowski, Dean of the Graduate School at Princeton University, testified before the Subcommittee on Education, Arts, and Humanities:

> Those who choose to enroll in doctoral programs must forego income and incur additional expenses for extended years of advanced education leading to the Ph.D. When

> the disparity between what those students can earn as college graduates and what it will cost them to earn a Ph.D. makes doctoral education an economically irrational choice, the students behave rationally.

Currently, the Department of Education caps graduate stipends at $10,000, which is too low to be effective in attracting talented students into programs and enabling them to complete the programs. By raising stipend levels for most programs to $14,000, the equivalent of this year's National Science Foundation fellowships, the Committee hopes to begin to alleviate this situation. The Committee has also raised the cost-of-education allowances to institutions from $6,000 to $8,000 in order to bridge the gap in the disparity between such allowances and the actual institutional costs per student.

A new section has been inserted at the beginning of title IX. It specifies the purpose of the title, which reflects the Committee's desire to respond to national needs regarding graduate education and includes an emphasis on increasing opportunities for women and groups underrepresented in masters and doctoral degree programs. Additionally, new provisions stress that the management of title IX programs be consolidated and adequately staffed. The current lack of common procedures and compatibility with academic practices reduces the effectiveness of the programs. With a common staff that has a working knowledge of all programs, however, the Department will be able to more simply and effectively administer title IX. An "excepted hire" authority has been provided to enable the Department to draw experienced graduate education administrators from campuses to assist in the administration of the graduate programs. Finally, the current part A, Grants to Institutions to Encourage Minority Participation in Graduate Education, has been moved to title IV and incorporated into the Ronald McNair program. Both of these programs provide support services to minority undergraduates preparing to enter graduate school. The Committee consolidated the current part A with the Ronald McNair program in order to direct the greatest amount of resources toward the most financially needy undergraduates.

Part A—Grants to Encourage Participation in Graduate Education

Subpart 1—Patricia Roberts Harris Fellowships

Patricia Roberts Harris Graduate Fellowship grants are awarded to institutions of higher education on a competitive basis to support fellowships for graduate and professional students who demonstrate financial need and who are in programs in which there is national need for highly-trained individuals. Fellowships have provided invaluable assistance to colleges and universities in attracting qualified underrepresented students into postbacclaureate programs.

The Harris program, part B of current law, has been amended to ensure that: 50 percent of appropriations are reserved for masters and professional study, and 50 percent for doctoral study; at least 15 percent of appropriations is awarded to institutions operating programs that lead to careers serving the public interest; students may receive stipends of up to $14,000, and institutions may receive $8,000 per stipend recipient. In addition, the Committee has specified that only 2 of the 3 years of support for doctoral students will be provided for study or research, with one year of support for actual preparation of the dissertation. The provision of a third year of dissertation support will reduce attrition and shorten time-to-degree by filling a gap in doctoral support that is especially critical in the humanities and social sciences. Making such support contingent upon the student's satisfactory progress to the dissertation stage will provide an extra incentive to students and departments to complete doctoral study in the minimum time necessary. Further, the legislation requires institutions to provide trainees with up to two years of university-funded support, including at least one year of supervised teaching experience, following the two years of predissertation support. As a final note, the Committee wishes to clarify that the special needs and problems encountered by persons with disabilities should be included among the "special circumstances" under which an extension of a fellowship award may be considered.

Subpart 2—Assistance for Training in the Legal Profession

This program, part E of current law, provides preparation and scholarships to assist individuals from disadvantaged backgrounds to undertake training in the field of law. Pre-law training at summer institutes prepares students to perform as well in law school as those from more advantaged backgrounds. After completing the summer training, students begin three years of law school, for which they receive an annual stipend.

The Committee is pleased with the success of Assistance for Training in the Legal Profession and has reauthorized the program without changes. No program has done more to open the gates of the legal profession to disadvantaged students, especially those from minority groups. Santa Clara University, for example, has achieved a level of 30% minority enrollment, twice as high as the national average, for three years in a row.

Subpart 3—Law School Clinical Experience Programs

This subpart reauthorizes part F of current law with no modifications. The program supports grants to law schools to establish or expand programs of clinical experience in the practice of law.

Part B—Grants to Enhance the Quality and Diversity of Academic Faculty

Subpart 1—Jacob K. Javits Fellows Program

The Committee is pleased to note the success of the Jacob K. Javits program, a national portable program of need-based awards to outstanding students in the humanities, social sciences and the arts. Since it was first funded in 1985, the Javits program has encouraged some of the nation's most gifted college graduates to pursue graduate study. There is evidence that the Javits program has helped reduce the time-to-degree for students, and the national competition has successfully attracted students from a diversity of institutions and backgrounds to postbaccalaureate study. Perhaps most significantly, the program plays an important role in averting the shortages of faculty in the arts and humanities by drawing increased numbers of talented students into academic careers in these areas. As noted above, this need is even more compelling now than it was when the program was first authorized.

The Committee has reauthorized the Javits programs, part C of current law, with few modifications. Among such changes is a removal of the cap which limited to 450 the number of stipends which could be awarded. The Committee believes that a greater number of new fellowships should be awarded and that far more new and continuing fellowships should be supported annually in order to reduce projected faculty shortages in fields served by the program. Stipend limits have been set at $14,000, and institutional support raised to $8,000 per recipient.

Subpart 5—Graduate Assistance in Areas of National Need

This program, part D of current law, was added to title IX in 1986 and first funded in FY 1988. It awards grants to high-quality graduate departments to enable them to expand their programs to respond to national needs, as designated by the Secretary in consultation with the National Science Foundation, the National Academy of Sciences, the National Endowments for the Arts and the Humanities, and other appropriate Federal and nonprofit agencies and organizations. Fellowships are awarded to students with financial need and superior academic records, and preference is given to individuals from underrepresented backgrounds or to those who plan teaching or research careers.

This program is reauthorized with several changes. First, specifications regarding particular areas of national need are removed in favor of language providing that eligible fields be selected on the basis of projected need for faculty due to replacement demands and emerging fields. Second, a provision is added enabling departments to grant trainees at least one year of university-funded, supervised teaching experience. Third, the Committee bill clarifies that students who have received master's degrees from different institutions are eligible for support. Current law states only that departments "shall make commitments to graduate students at any point of their graduate study." Finally, the maximum stipend level is raised to $14,000 and the amount paid to institutions for cost-of-education allowances is increased to $8,000.

Under section 945(b), the Committee notes that for students with disabilities, the "measurement of need" may include criteria previously established under section 472(8) of the Act.

Subpart 6—Dennis Chavez Fellowship Program

As we seek to raise standards and redress inequalities in our schools, we find our college and university faculties, and the graduate programs from which they draw failing dramatically to represent our Nation's diversity. African-Americans, who make up 12.1 percent of our total populations, received only 3.5 percent of the doctorates awarded in 1989. The discrepancy for Hispanics was equally glaring: 9 percent of the populations, they received only 2.5 percent of all doctorates. Only 93 Native Americans earned doctorates of any sort that year, a number dramatically and disappointingly out of proportion with their total population.

Minority representation among members of the professoriate is also discouragingly low. Only 3 percent of all full time faculty members at American institutions of higher learning are African-America, and only 2 percent are Hispanic, Less than 1 percent are Native American. A lack of minority representation on faculties is frequently cited as a major reason for the disproportionately high drop-out rates among minority groups. The Committee is also aware that minority institutions such as the Historically Black Colleges and Universities and the Hispanic Serving Institutions—where the majority of doctorates given to African-Americans and Hispanics are awarded—are having an increasingly difficult time competing for today's small pool of qualified minority faculty. Most disconcerting, this overall situation is not improving: the number of African-Americans receiving doctorates increased by only seven tenths of one percent, or six individuals, between 1988 and 1989, and the number of Hispanics actually decreased by 4 percent.

The Dennis Chavez Fellowship program is intended to assist ambitious and qualified minority candidates to earn doctoral degrees and enter the teaching profession at the college level. There are a great many minority scholars who, for financial or other reasons, have not embarked upon graduate work. Most have never enrolled in a Ph.D. program; some have begun their doctoral studies but have had to interrupt their studies because of a lack of adequate financial support. The Dennis Chavez Fellowship is intended to provide such students with financial assistance in return for a commitment to teach at a college or university when they have completed their degrees.

Institutions will use funds to award fellowships to qualified applicants in the amount of $10,000 or the level of their financial need, whichever is less. The Committee intends that those institutions which receive Dennis Chavez Fellowship grants will waive tuition for the Dennis Chavez Fellows and will provide each fellowship recipient with an assistantship position. In return for the financial assistance provided by this program, each Fellowship recipient is required to teach at an institution of higher education for a period of not less than 2 years for each year for which financial assistance was provided. The Committee has also required that recipients of the Fellowship who are currently teaching at a college or university with a significant minority enrollment return to a similar institution. Many of the eligible Fellowship recipients are already teaching with masters degrees at minority institutions. This provision, therefore, seeks only to protect those institution from being "stripped" of faculty who earned a more professionally marketable degree under the Chavez Fellowship. This requirement will also put Dennis Chavez Fellows in contact with a greater number of minority students, who it is hoped will take encouragement and inspiration from their teacher's example.

It is the Committee's hope that the Dennis Cahvez Fellowship will increase the pool of minority scholars with doctorates by assisting individuals who have already made a commitment to pursue the highest level of education, as well as to help others to attain that noble goal.

TITLE XI—URBAN COMMUNITY SERVICE

For more than a decade, the potential of title XI has been unfulfilled due to a lack of funding. Deeply concerned by this situation, the Committee has undertaken to update and restructure the title to ensure that its provisions are strengthened and that its purposes are fulfilled.

Title XI, as reauthorized, provides incentives to urban institutions, in conjunction with academic, private or civic organizations, to design and implement programs that address pressing community problems. The Committee believes strongly that institutions of higher education, with their technological and intellectual resources, are particularly well suited to addressing the pressing needs of urban areas. Title XI is intended to provide very specific support for the research, service and technical assistance that such institutions can conduct or offer for the benefit of their communities.

Among other changes, the Committee has strengthened the language requiring partnership applications and specifying the range of urban problems for which activities are to be authorized. Such activities include work force preparation, poverty, health care, economic development, public health, housing, education, and environmental concerns. The legislation also establishes a peer review process for evaluating applications, requires equitable geographic distribution of grants, and provides that such institutions are to be designated "urban grant institutions." This language is consistent with the traditional use of the term "land grant university." Until a school receives a grant under this program and carries out activities that meet the program's purposes, the Committee intends that it not be designated an urban grant institution.

The Committee bill further directs the Secretary to publish a list of the institutions receiving grants under this title. Such a list will not only benefit Federal and local government agencies, as well as business and civic groups, but also will serve as a notice to interested entities that the designated institutions are ready to help their constituencies in a manner analogous to the land grant, space grant, and sea grant universities. As a final amendment, the Committee provides for the creation of a national network of urban grant institutions for disseminating and replicating projects funded under this title.

For the purposes of this title, the Committee has defined the term "eligible institution" broadly. The intent is to ensure that community colleges and four-year institutions are able to participate on an equal basis.

TITLE XII—GENERAL PROVISIONS AND DEMONSTRATION PROGRAMS

Loan forgiveness

The federal Government has a long history of providing loan forgiveness to attract college students into a teaching career. As early as 1958, the National Defense Student Loans offered cancellation of loans to students who entered the teaching profession. The Higher Education Act continues to provide loan cancellation through the Perkins Loan Program (successor to the NDSL) for teachers working with certain disadvantaged students, including those with special needs and those in areas of considerable poverty.

In recent years, the States have also become very active in this area. Overall, about two-thirds of the States support loan forgiveness or scholarship programs with service payback in order to recruit new persons into teaching.

Yet, there is still a great deal of debate as to the effectiveness of loan forgiveness as the best means of attracting individuals into given professions. The Committee itself is divided on the issue. This bill includes a demonstration program to provide a comprehensive test of loan forgiveness in the Stafford Loan Program for new borrowers interested in entering the fields of teaching, community service or nursing.

In the bill, forgiveness is provided for Stafford Loans incurred during a borrower's last two years of undergraduate education at the rate of 15 percent per year for the first two years of service; 20 percent per year for the 3rd and 4th years of service; and 30 percent for the 5th year. For individuals who do not apply for Stafford loan forgiveness for undergraduate loans, Stafford loan forgiveness is available for up to two years of post-baccalaureate study leading to a teaching certificate. No more than a total of two years of undergraduate or graduate study loans will be forgiven per person.

Exceptional performance in loan collection by eligible lenders and loan servicers demonstration program

S. 1150 also contains a program to test the idea of allowing greater flexibility in the collections of students loans as a means of enhancing collection results. The Committee is concerned that the due diligence requirements set forth by the Department for Stafford Loan collections may be overly percriptive. Additionally, the financial penalties associated with due diligence requirements may be disproportionate. During the past few years, many lenders have expressed concern to the Committee that requirements are so strict that the focus of servicing has become to meet the letter of regulation rather than take the most effective measures to collect on loans.

The Committee intends to test a more flexible approach by requiring the Secretary to work with several servicers or lenders to test the effect on overall collections of introducing more flexibility into the current system. In selecting the servicers or lenders eligible for this demonstration program, S. 1150 sets out strict audit and compliance standards that the entities must meet in order to qualify for the program.

National Student Savings Demonstration Program

Finally, S. 1150 creates a demonstration program to test the flexibility of establishing a national student savings program to encourage families to save for their children's college education. Under the proposal in S. 1150, the Secretary would make grants to up to 5 states to establish college savings accounts for children.

In selecting which children should be eligible for the accounts, the Committee believes that that accounts should be established at the earliest possible age, but certainly before the compulsory age of school attendance, so that families would start thinking of planning for college at the earliest possible age. It is the Committee's intent that all programs serve children from disadvantaged families. The Committee would also encourage states to serve the larger population, particularly middle income families who are most likely to have the means to contribute to such accounts. This program is designed to help alleviate the financial difficulties these families face when sending their children to college.

It is the Committee's intent that the states participating in this program seek to encourage contributions to these accounts from as broad a base as possible. In particular, the Committee would encourage states to set up incentives for employers, volunteer organizations and similar entities to contribute to the accounts of youth who work with them. Other innovative approaches such as encouraging grandparents, civic groups, or even schools to donate to accounts should also be explored.

TITLE XIV—AMENDMENTS TO OTHER LAWS

The United States Institute of Peace Act

In 1985, Congress established the United States Institute of Peace, a nonprofit corporation directed to increase knowledge and skill in diverse fields central to the achievement of international peace. It is the Federal institution designed to focus the community of scholars on the containment of violence, the preservation of peace, and the extension of freedom and justice and to increase the knowledge and technical skill of individuals concerning basic and applied questions of peace and war. In its six years of operation, the Peace Institute has been managed carefully and has created highly respected programs of grants, fellowships, education, training, and in-house studies while building technologically up-to-date library and publication programs.

The Committee is impressed by the Peace Institute's accomplishments and seeks to strengthen the Institute through reauthorization. By bringing the Institute's reauthorization into the higher education cycle, the Committee has established the Institute as a prominent element of the Federal higher education community of programs. By authorizing the Spark M. Matsunaga Scholars Program, the Committee not only honors a father of the Institute but also recognizes the importance of educating young men and women about the complexities of international peacemaking. Allowing the Institute to contract with foreign nationals will heighten the Institute's ability to utilize the services of foreign scholars and experts on issues of conflict management and peacemaking. Finally, by permitting private donations for the restricted, non-programming purposes of a building and hospitality, the use of public funds for housing will be reduced. While each of these changes will make the Institute a stronger, more vital institution, the Committee does not intend them to diminish in any way the careful oversight of the Institute's activities by the Congress.

The Family Educational Rights and Privacy Act

Congress passed the Buckley amendment in 1974 to protect the privacy and accuracy of students' education records. From the beginning, Congress included language allowing colleges and universities to distinguish campus law enforcement records from education records. The statutory language defining law enforcement records, however, has made it increasingly difficult for schools to do so. Rather, at many institutions, campus law enforcement records are considered to be education records subject to the Buckley amendment. In these circumstances, some colleges and universities have been placed in the unfortunate position of appearing the use the Buckley amendment to cover up campus crime. The statute is intended to make clear the line between law enforcement records and education records so that the choice about release or non-release of the former can appropriately be made in light of local law and policy.

Recent court cases clarify that potential conflicts between Buckley amendment requirements and State Freedom of Information Acts create difficult choices for higher education institutions with respect to the disclosure of campus law enforcement records. Public institutions of higher education are generally subject to both the Buckley amendment and State "open records" laws, and, in most States, the records of a campus law enforcement unit are not exempt from disclosure. Therefore, institutions are forced to choose between noncompliance with State or with Federal law. Noncompliance with the Buckley amendment potentially jeopardizes an institution's receipt of Federal education funds.

The Committee has therefore amended the Buckley amendment to exempt from the definition of "education records" any records maintained by a law enforcement unit of the educational agency or institution that were created by such law enforcement unit for the purpose of law enforcement. This provision of law neither requires nor prohibits the release of such records, but allows institutions to make choices in light of State law.

IV. Legislative Consideration and Votes in Committee

S. 1150 was introduced on May 23, 1991. It was referred to the Subcommittee on Education, Arts and Humanities which held a series of 19 hearing. Eight of these hearings were held in Washington, D.C. on February 21, March 18, March 21, April 11, April 25, May 9, May 17 and May 23. Field hearings were held in Vermont on March 26, Chicago, Illinois on March 27, Connecticut on April 2 and April 3, Rhode Island on April 15, Maryland on April 19, South Carolina on April 30, Mississippi on May 2, Minneapolis, Minnesota on May 3, Duluth, Minnesota on May 6, and Springfield, Illinois on May 13.

In addition, the full Committee on Labor and Human Resources held four hearings. A hearing on July 16, 1991 was held in Washington, DC. Three field hearings were also held: on April 3 in Boston, Massachusetts, on April 4 in Springfield, Massachusetts and May 29 in Salt Lake City, Utah.

On October 23, 1991, the Education, Arts, and Humanities Subcommittee met in Executive Session to Consider S. 1150. Senator Pell offered an amendment in the nature of a substitute. The bill as amended was reported favorably from the Subcommittee by a vote of 14 to 0. The roll call vote was recorded as follows:

YEAS	NAYS
Pell	
Metzenbaum	
Dodd	
Simon	
Mikulski	
Bingaman	
Kennedy	
Wellstone	
Kassebaum	
Cochran	
Hatch	
Jeffords	
Thurmond	
Coats	

In addition an amendment offered by Senator Wellstone was accepted by voice. The amendment restores the Special Child Care Services for Disadvantaged College Students at an authorization of $25 Million for fiscal year 1993 and such sums for the six succeeding fiscal years.

On October 30, 1991, the Committee on Labor and Human Resources met in Executive Session to consider S. 1150 as reported out of Subcommittee. Senator Kennedy offered an amendment in the nature of a substitute. The bill as amended was reported favorably by a vote of 17–0. The roll call vote was recorded as follows:

YEAS	NAYS
Kennedy	
Pell	
Metzenbaum	
Dodd	
Simon	
Harkin	
Adams	
Mikulski	
Bingaman	
Wellstone	
Hatch	
Kassebaum	
Jeffords	
Coats	
Thurmond	
Durenberger	
Cochran	

In addition, Senator Kassebaum offered an amendment to strike the Pell Grant entitlement and to limit the reauthorization to 5 years. The amendment failed by a vote of 11–6. The rollcall vote was recorded as follows:

YEAS	NAYS
Hatch	Kennedy
Kassebaum	Pell
Coats	Metzenbaum
Thurmond	Dodd

Durenberger
Cochran

Simon
Harkin
Adams
Mikulski
Bingaman
Wellstone
Jeffords

V. COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC November 7, 1991.

Hon. EDWARD M. KENNEDY,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1150, the Higher Education Amendments of 1991, as ordered reported by the Committee on Labor and Human Resources on October 30, 1991. Because of time constraints, CBO is not able to include the usual descriptive material in its estimate.

The bill would affect direct spending and thus would be subject to pay-as-you-go procedures under the section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. The table below shows the pay-as-you-go effects of the bill.

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995
Change in Outlays	−115	−54	46	1
Change in Receipts	(1)	(1)	(1)	(1)

Not applicable.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Kalcevic, who can be reached at 226-2820.

Sincerely,

ROBERT F. HALE,
(For Robert D. Reischauer).

Enclosure.

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995	1996
DIRECT SPENDING					
Guaranteed Student Loan Program:					
Estimated Budget Authority	−130	75	15	(1)	−15
Estimated Outlays	−115	−50	50	5	−10
Mandatory Expenditures on Study of Student Loan Forgiveness Programs:					
Budget Authority		1	1	1	1

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE—Continued

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995	1996
Estimated Outlays		1	1	1	1
Offsetting Receipts, Department of Education:					
Estimated Budget Authority		-5	-5	-5	-5
Estimated Outlays		-5	-5	-5	-5
TOTAL DIRECT SPENDING					
Estimated Budget Authority	-130	71	11	-4	-19
Estimated Outlays	-115	-54	46	1	-14
AUTHORIZATIONS OF APPROPRIATIONS					
Title I:					
Fund for the Improvement of Postsecondary Education		20	21	22	22
Innovative Programs of Higher Education		10	10	11	11
Innovative Projects for Community Service		40	42	43	45
Subtotal: Estimated Authorizations Estimated Outlays		5	32	41	43
Title II:					
College Library Technology and Cooperation Grants		10	10	11	11
Library Training, Research, and Development		8	8	8	8
Strenthening Research Library Resources		15	16	16	17
Subtotal: Estimated Authorizations		33	34	35	36
Estimated Outlays		13	26	34	35
Title III:					
Strengthening Institutions		125	130	135	140
Hispanic Serving Institutions		45	47	49	50
Institutional Aid		125	130	135	140
Historically-Black Colleges, Post-Graduate Schools		20	21	22	22
Endowment Challenge Grants		40	42	43	45
Subtotal: Estimated Authorizations		355	369	383	397
Estimated Outlays		43	286	360	381
Title IV:					
Pell Grants		8,410	9,590	10,770	11,810
Supplemental Education Opportunity Grants		650	675	701	727
State Student Incentives		85	88	92	95
Early Intervention Program		100	104	108	112
Special Programs for Disadvantaged Students		450	467	485	502
High School Equivalency		15	16	16	17
College Assistance		5	5	5	6
Byrd Scholarship Program		10	10	11	11
Veteran's Education Outreach		5	5	5	6
Access Scholarships				100	104
Minority Science Improvement		8	8	8	8
National Science Scholars Program		5	5	5	5
Special Child Care Services for Disadvantaged College Students		25	26	27	28
Work-Study Program		700	727	754	783
Perkins Loans, Capital Contribution		200	208	216	224
Perkins Loans, Loan Cancellation				5	5
Early Awareness Information		15	16	16	17
Grants for Institutional Integrity Standards		10	10	11	11
Advisory Committee of Student Financial Aid		1	1	1	1
Program Administration—Additional Requirements of the Department of Education		42	43	44	46
Subtotal: Estimated Authorizations		10,735	12,002	13,379	14,518
Estimated Outlays		2,035	10,660	12,205	13,552
Title V:					
New Careers for Teachers		5	5	5	6

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE—Continued

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995	1996
Minority Teacher Recruitment		5	5	5	6
School, College, and University Partnerships		15	16	16	17
National Board for Professional Teaching Standards	5	5	5	5	
Paul Douglas Teacher Scholarships		27	28	29	30
Christa McAuliffe Career Teacher Corps		27	28	29	30
Teacher Corps		50	52	54	56
State Academies for Educators		132	137	142	148
Teacher Awards		8	8	9	9
National Teacher Academies		35	36	38	39
Alternative Routes to Teacher and Principal Certification and Licensure		15			
Middle School Teacher Demonstration Programs		5	5	5	6
National Migrant Education Minicorps Program		5	5	5	6
Critical Language and Area Studies		15	16	16	17
Development of Foreign Language and Culture Instructural Materials		4	4	4	5
Early Childhood Teacher Staff and Professional Enhancement		10	10	11	11
Subtotal: Estimated Authorizations	5	363	361	374	384
Estimated Outlays	1	47	291	356	373
Title VI:					
International and Foreign Language Studies		60	62	65	67
Centers for International Business Education		10	10	11	11
Education and Training Programs		6	6	7	7
Minority Foreign Service Professional Development Program		5	5	5	6
Subtotal: Estimated Authorization		81	84	87	91
Estimated Outlays		10	65	82	87
Title VII:					
Improvement of Academic and Library Facilities		400	415	431	447
College Housing and Academic Facilities Loan Program		30	31	32	34
Subtotal: Estimated Authorizations		430	446	463	481
Estimated Outlays		70	181	384	454
Title VIII: Cooperative Education		20	21	22	22
Subtotal: Estimated Authorizations		20	21	22	22
Estimated Outlays		2	16	20	22
Title IX:					
Patricia R. Harris Fellowships		25	26	27	28
Training in the Legal Profession		5	5	5	6
Law School Clinical Experience		10	10	11	11
Jacob Javits Fellowship Program		15	16	16	17
Graduate Assistance in Areas of National Need		35	36	38	39
Dennis Chavez Fellowship Program		20	21	22	22
Subtotal: Estimated Authorizations		110	114	119	123
Estimated Outlays		13	89	112	118
Title XI: Urban Community Service		15	16	16	17
Subtotal: Estimated Authorizations		15	16	16	17
Estimated Outlays		2	12	15	16
Title XII:					
National Student Savings Demonstration Project		10	10	11	11
National Advisory Committee on Instructional Quality and Integrity		2	2	2	2
Subtotal: Estimated Authorizations		12	12	13	13

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE—Continued

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995	1996
Estimated Outlays		2	10	12	12
Title XIII: Study on the Role of Guarantee Agencies		(1)			
Subtotal: Estimated Authorizations		(1)			
Estimated Outlays		(1)	(1)		
Title XIV: U.S. Institute of Peace		15	16	16	17
Subtotal: Estimated Authorization		15	16	16	17
Estimated Outlays		12	15	16	17
Title XV: National Center for the Workplace			3	3	33
Subtotal: Estimated Authorizations		3	3	3	3
Estimated Outlays		(1)	2	3	3
TOTAL AUTHORIZATONS OF APPROPRIATIONS					
Estimated Authorizations	5	12,210	13,518	14,953	16,146
Estimated Outlays	1	2,254	11,684	13,639	15,113
BILL TOTAL					
Estimated Budget Authority/Authorizations	−125	12,285	13,533	14,953	16,131
Estimated Outlays	−114	2,204	11,734	13,644	15,103

[1] Less than $500,000.

Note.—Totals may not add due to rounding.

VI. Regulatory Impact Statement

The Committee has determined that there will be minimal increases in the regulatory burden imposed by this bill.

VII. Section-by-Section Analysis

Section 1 provides that the Act may be cited as the Higher Education Amendments of 1991.

TITLE I—POSTSECONDARY IMPROVEMENT AND COMMUNITY SERVICE

Section 101 repeals current title I and replaces it with the following:

Part A—Institutional Assistance

Subpart 1—The Fund for the Improvement of Postsecondary Education

Section 111 reauthorizes FIPSE (title X, part A of current law) with language clarifying that entities other than educational institutions are eligible for funding. Also eliminates requirements that applications be submitted to the appropriate State entity for review and recommendations before submission to the Secretary.

Section 112 reauthorizes the National Board of the Fund for the Improvement of Postsecondary Education. Adds language specifying that the Director of the Fund for the Improvement of Postsecondary Education shall be appointed by the Secretary. Eliminates the current requirement that the Board meet at least four times each fiscal year.

Section 113 reauthorizes section on administrative provisions without changes.

Section 114 authorizes appropriations for subpart 1 of $20 million for FY 1993 and such sums as necessary for FY 1994 through FY 1999.

Subpart 2—Innovative Programs at Institutions of Higher Education

Section 115 authorizes the Secretary, when appropriations are less than $10 million, to make competitive, matching grants to State higher education agencies to pay for the cost of the activities and services for which assistance is sought. When appropriations are $10 million or greater, the Secretary is authorized to make grants to all State higher education agencies from allocations under section 116. Defines the term "State higher education agency." Requires the Secretary to ensure the equitable participation of public and private institutions of higher education.

Section 116 specifies that 50 percent of funds to States should be allocated based on population, and that 50 percent should be based on the number of full-time equivalent students served by the State higher education agency.

Section 117 requires each State higher education agency to use grants the fund innovative programs at institutions of higher education within the State.

Section 118 describes application requirements.

Section 119 authorizes appropriations for subpart 2 of $10 million and such sums. Stipulates that no funds are authorized to be appropriated for subpart 1 is less than $20 million.

Part B—Community Service Programs

Subpart 1—Innovative Projects for Community Service

Sections 121-122. This program (currently title X, part C) is reauthorized with modifications. The statement of purpose is amended to mention explicitly literacy projects and to delete references to student financial assistance. New language specifies required and optional activities of funded projects. Also adds a broad definition of "community service" and permits the Secretary to include in this definition any services not explicitly mentioned.

Subpart 2—Student Literacy Corps

Sections 125-131. The Student Literacy Corps (title I, part D of current law) is reauthorized with minor modifications, including a definition of the term "public community agency." Authorizes appropriations for part B of $10 million and such sums. Reserves for subpart 2 at least 50 percent of funds appropriated for part B.

TITLE II—ACADEMIC LIBRARIES AND INFORMATION SERVICES

Section 201 amends the heading of title II.

Section 202 reauthorizes purpose with few changes, including one modification which reflects that part A of current law has been struck and replaced by part D. Authorizes appropriations for new parts A, B, and C of $10 million, $7.5 million and $15 million respectively for FY 1993 and such sums as necessary for the 6 succeeding years.

Section 203 adds provision requiring the Secretary to ensure that library experts will administer the programs in this title.

Part A—College Library Technology and Cooperation Grants

Section 204 replaces part A of current law, which has been unfunded since the last reauthorization, with current part D. Includes the following changes: adds language concerning the use of funds to institutions; specifies that public educational radio and television stations in cooperation with libraries may qualify for grants; increases the minimum award to $25,000, and limits the maximum award to each institution to $50,000; requires the Secretary, when awarding grants to institutions of higher education, to give priority to projects which assist developing institutions.

Part B—Library Education, Research, and Development

Section 205 amends heading of part B and adds new subsection requiring the Secretary to consult with appropriate library and information science organizations to determine critical needs and priorities for awarding grants.

Section 206 amends heading of section 222 and reauthorizes section with modifications to emphasize the need for increased recruitment, particularly of minority librarians.

Section 207 reauthorizes section on research and demonstration, adding that grants should also be used for education in library and information sciences and for the enhancement of library services through new technology.

Part C—Improving Access to Research Library Resources

Section 208 deletes outdated prohibiting funding under part C for institutions receiving a grant under part A of current law.

Section 209 repeals part D.

TITLE III—INSTITUTIONAL AID

Section 301 reauthorizes findings and purposes with minor modifications, including a more precise description of targeted institutions and the elimination of a reference to recruitment activities.

Part A—Strengthening Institutions

Section 302 establishes new section 313 authorizing the Secretary to award grants to Hispanic-serving institutions. Defines the terms "Hispanic-serving institution," "first generation college student," and "low-income individual." Authorizes grants to be used for a variety of purposes, including the following: purchase or rental of scientific or laboratory equipment; construction of academic or library facilities; curriculum development; purchase of educational materials; academic tutoring and counseling. Describes application process, lists contents of applications, and requires Secretary to approve any application meeting eligibility requirements. Prohibits institutions receiving funds under this section from receiving other funds under parts A or B. Requires Secretary, for institutions qualifying for assistance under this section, to waive requirement that eligible institutions have low average educational and general expenditures.

Section 303 eliminates the 4- and 5-year "wait-out" periods and requires the Secretary to give priority to applicants not currently receiving a part A grant.

Part B—Strengthening Historically Black Colleges and Universities

Section 304 expands uses of funds for part B to include telecommunications services and programs. Also allows funding for the establishment or improvement of a development office or a program of teacher education.

Section 305 raises the minimum amount alloted to each part B institution under section 324 to $500,000.

Section 306 adds the following institutions to the five already eligible for grants under section 326(a): Xavier University School of Pharmacy; Southern University School of Law; Texas Southern University School of Law or School of Pharmacy; Florida A&M University School of Pharmaceutical Sciences; North Carolina Central University School of Law; any other part B institution offering a professional or doctoral degree program and determined to be eligible by the Secretary. Includes special rule providing that institutions awarded grants prior to October 1, 1992, will continue to receive such grants until such grants expire. Also specifies that no institution or university system may be awarded more than one grant in any fiscal year, and that if appropriations are not greater than $12 million, then only institutions that were eligible prior to reauthorization may receive grants.

Part C—Endowment Challenge Grants for Institutions Eligible for Assistance Under Part A or Part B

Section 307 repeals the Challenge Grant program and amends the heading of part C to reflect this change.

Section 308 reauthorizes Endowment Challenge Grants with the following modifications: adds a definition of "eligible institution"; permits the Secretary to award grants of up to $500,000 when appropriations are less than $15 million, of up to $1 million when appropriations are between $15 and $25 million, and of up to $1.5 million when appropriations equal or exceed $25 million; reduces the "wait-out" period to 5 years for institutions awarded grants, and specifies that "wait-out" applies only to institutions awarded grants exceeding $1 million; expands priority to include institutions that have received part A or B grants within five years prior to applying.

Part D—General Provisions

Section 309 strikes provision concerning expectations of declining enrollments.

Section 310 makes waiver of requirements for part A permissive instead of mandatory.

Section 311 amends section on cooperative arrangements to specify that formal, established consortia are eligible for grants.

Section 312 repeals sections 355 and 359.

Section 313 makes waiver of non-Federal share permissive instead of mandatory.

Section 314 authorizes appropriations for FY 1993 of: $125 million for part A (excluding section 313); $45 million for section 313; $125 million for part B (other than section 326); $20 million for section 326; and $40 million for part C. Authorizes such sums as necessary for FY 1994 through FY 1999. Eliminates set-aside for junior and community colleges. Allocates 25% of part A appropriations exceeding FY 1986 levels to institutions with a very high percentage of minority students. Reserves 25% of part C appropriations for historically black colleges and universities.

TITLE IV—STUDENT ASSISTANCE

Section 401 establishes maximum grant levels for the Pell grant programs for academic years 1993-94 through 1999-2000 as follows: $3,600 for AY 93-94; $3,800 for AY 94-95; $4,000 for AY 95-96; $4,200 for AY 96-97; $4,400 for AY 97-98; $4,600 for AY 98-99; and $4,800 for AY 99-2000. Mandates that in the case of a shortfall in FY 95 or FY 96 the Secretary shall borrow from future appropriations. Establishes a Pell Grant entitlement for academic year 1997-98 and beyond.

This section also establishes new award rules for the Pell Program with a $3,600 grant providing a basic educational allowance of $2,300 plus 25% of the cost of tuition up to $1,300. Current recipients are held harmless at a grant level of $2,400 minus EFC. The 60% COA cap is eliminated.

This section also raises the minimum Pell Grant award from $200 to $400 but protects current recipients by allowing any student who qualifies for at least half the minimum grant to receive a grant. Limits incarcerated students' grants to an amount sufficient to cover tuition, books and fees but prohibits States from using Pell Grant funds to supplement previous State efforts in prisoner education.

Also allows students pursuing bachelor's degrees to receive more than one Pell Grant in a single academic year if such student is doing more than one year's academic work. Clarifies the appropriateness of using Pell Grants for study abroad and allow a student's basic grant to be increased for such study.

Extends the number of years of Pell Grant eligibility from 5 to 7 years for those in 5-year programs, to 6 years for those in 4 year programs, to 4 years for those in 2 year programs, and for those in programs of 2 years or less to no more than twice the length of time normally needed to complete such program.

Also requires the Secretary to make available a common reapplication form and process for students who have received a Pell Grant in the preceding award year.

Section 402 repeals certain sections of Pell Needs Analysis to reflect the creation of a single needs analysis system.

Section 403 reauthorizes the Supplemental Educational Opportunity Grants (SEOG) program at a funding level of $650 million for FY93 and such sums for 6 succeeding fiscal years.

Section 404 permits institutions to award larger SEOGs to their students for study abroad. Also permits institutions to award SEOGs to first-year graduate students.

Section 405 establishes a 25% institutional match for the SEOG program with a waiver provision for schools who have economic difficulty making the match and requires institutions to award at least 5 percent of the SEOG monies to part-time students if the financial need of these students accounts for at least 5 percent of the institutions total allotment.

Also requires SEOG awards to be made proportionate to Pell awards and before the calculation of minimum student contribution.

Section 406 permits the Secretary to allocate up to 10% of new monies after appropriations reach $700 million to schools that graduate or transfer over 50% of their Pell Grant recipients. And requires the Secretary to establish reporting requirements by income for part-time and full-time students.

Section 407 amends the purpose section of the Grants to States for States Student Incentives (SSIG) program to reflect the authority of such programs to support students in approved study abroad programs, community service and to reflect the creation of a new program to encourage states to establish early intervention programs. This section also extends the authorization of the current program as a funding level of $85 million for FY 93 and such sums for 6 succeeding fiscal years.

Section 408 permits states to increase the maximum SSIG grants from $2,500 to $4,000.

Section 409 establishes a new incentive grant program to encourage states to establish early intervention programs. This new program may be funded only if appropriations for the current SSIG program are at least $63.5 million.

Section 410 provides for general modifications of the TRIO programs including clarifications of the purposes section; an authorization of $450 million for FY 93 and such sums for 6 succeeding fiscal years; special rules for the application awarding and notification of grants; flexibility in the verification process for low-income individuals; provisions for the coordination of TRIO programs with other programs for disadvantaged Students; and, requirements that the Secretary award grants in order of ranking. Extends the Grant cycle to 4 years and 5 years for programs the Secretary regards to be of exceptional quality.

Section 411 provides a list of permissible services for the Talent Search programs and extends eligibility for participation from the 7th to the 6th grade.

Section 412 adds mentoring activities to the list of permissive services in the Upward Bound Program and adds a list of courses that must be offered as a part of each program's core curriculum.

Section 413 adds a specific statement of purpose to the Student Support Services program and clarifies that students in such programs must be offered a full financial aid package.

Section 414 replaces the more general language on permissible activities under the Educational Opportunity Centers program with a more specified list.

Section 415 specifies the type of training the Secretary must offer under the Staff Development Activities program.

Section 416 amends the current Ronald E. McNair Postbaccalaureate Achievement Program to assure that the purposes of the former Title 9 Part A program are met in the McNair program. Changes include reducing the percentage of participants that must be low-income while increasing the percentages of participants that must be from traditionally under-represented groups. Requires programs to be jointly developed implemented and administered with graduate school heads. Removes the funding cap on the current McNair program and guarantees floor of $11 million in FY 93 and for 6 succeeding fiscal years. This section also authorizes grants for evaluation under the TRIO programs.

Section 417 expands the eligible population to be served under the High School Equivalency Program (HEP) to 16 year old, those who have participated in Chapter 1 Migrant Programs, and those who have participated in JTPA Section 402 Programs. Changes the Grant cycle from 3 to 5 years. Clarifies that the College Assistance Migrant Program (CAMP) focus on freshmen. Reauthorizes the HEP program at $15 million and the CAMP Program at $5 million for FY 93 and 6 succeeding fiscal years.

Section 418 puts into authorizing statute modifications made by the Appropriations Committee to the Byrd Scholarship State Allocation formula.

Section 419 also conforms current Appropriations practice in the Byrd Scholarship program by requiring states to assume equitable geographic distribution of awards rather then follow the numerical formula based on congressional district.

Section 420 eliminates the awards ceremony currently required in the Byrd Scholarship program.

Section 421 reauthorizes the Byrd Scholarship program with an authorization of $10 million for FY 93 and such sums for 6 succeeding fiscal years.

Section 422 terminates the Payments to Institutions of Higher Education program.

Section 423 reauthorizes the Veterans Education Outreach Program with an authorization of $5 million for FY 93 and such sums for 6 succeeding fiscal years.

Section 424 makes the current Special Child Care Services for Disadvantaged College Students program a new Subpart 11 with an annual authorization of $25. Creates a new Access Grant Program for FY 1995 and beyond that would provide an additional scholarship to Pell Grant recipients who have taken certain college preparatory coursework and participated in an early intervention program. Also move the Minority Science and Engineering Improvement Programs to Title IV and reauthorizes the National Science Scholars Program as part of the Higher Education Act.

Section 425 set new annual loan limits in the subsidized Stafford Loan program as follows: $3,000 for 1st year undergraduates; $3500 for 2nd year undergraduates; $5,500 for 3rd year undergraduates and beyond, all prorated for part-time students; and $9,000 for graduate students. Total borrowing in the subsidized Stafford Loan program is limited to $23,000 for undergraduates and $68,000 for undergraduate and graduate combined except that no student may exceed the total aggregate loan limits for all Part B and E Loans established in Section [428] of this legislation.

Section 426 makes several changes to terms of student loans including permitting lenders, at their discretion but at no cost to the student, to obtain credit checks for independent students and to ask those students with adverse credit history to provide a credit worthy cosigner; applying the in-school student deferment to individuals attending Title IV institutions that do not participate in the Loan programs; rescinding the current requirement that a student enrolled on a half-time basis must borrow again in order to obtain a deferment; requiring lenders to notify borrowers during the grace period of the exact month that repayment will begin; and, allowing students in approved study abroad programs to have their loan checks endorsed by individual with power-of-attorney.

Section 427 modifies current interest rates by lowering the cap on the SLS and PLUS programs to 11% and raising the Stafford rates to a flat 9% in the first four years of repayment with a variable rate capped at 11% thereafter.

Section 428 paragraph (1) requires the student's drivers license number to be collected in the Loan application form.

Paragraph (2) sets subsidized Stafford Loan Limits at $3,000 per year for 1st year undergraduates; $3,500 for 2nd year undergraduates; $5,500 per year for 3rd and 4th year undergraduates with a total subsidized Stafford undergraduates borrowing limit at $23,000. Graduate limits are set as $9,000 per year with a maximum overall limit of $68,000 for undergraduate and graduate borrowing. Aggregate limits for borrowing on all Student Loan programs (Stafford, SLS, Consolidation, and Perkins) are $52,000 for undergraduates and $115,000 for graduates. The undergraduate loan limits would be prorated for ¾ time and ½ time students in the Stafford program. And the current law on SLS proration would also remain.

Paragraph (2) also clarifies that periods of forbearance are not counted against the 10-year maximum repayment period of Loans. This paragraph also provides for a simplified system of deferments to include: (1) in-school; (2) up to 3 years unemployment; (3) up to 3 years disability; and, (4) up to 3 years during which the borrower is working full-time and living at or below the poverty line for a family of 2 as defined in the Community Services Block Grant Act. Forbearance is provided for up to 3 years for borrowers whose student loan debt equals or exceeds 20 percent of gross income.

Paragraph (2) also permits student loan checks to be endorsed by individual with power-of-attorney for students pursuing an approved study abroad program; permits lenders to conduct credit checks on independent students and require students with adverse history to obtain a credit worthy co-signer; clarifies that the Secretary has authority to collect financial information from the guaranty agencies; requires lenders to notify borrowers during the grace period when their loan repayments begin; mandates the notification of the borrower if the borrowers loan has been sold and payments are to be made to a different party; and, prohibits guaranty agency officers and employees from having any direct financial interest with any lender, secondary market, contractor, or servicer with which they do business.

Paragraph (3) requires guaranty agencies to submit to the Secretary collections on defaulted loans within 45 days and eliminates the automatic return to the 100 percent reinsurance rate at the beginning of the new fiscal year. This paragraph also authorizes the Secretary to require the guaranty agency to submit to the Department any promissory note for which they have received reinsurance and prohibits the Secretary from reinsuring loans in cases where the borrower cannot be found unless the guaranty agency demonstrates diligent efforts were made to locate the borrower.

This paragraph also permits lenders to exercise administrative forbearances and makes it permissive but not mandatory, for the Secretary to issue 100% reimbursement to new guaranty agencies. Further paragraph (3) requires all guaranty agencies not backed by the full faith and credit of their States to maintain a certain reserve level. If such a level is not maintained, the agency must implement a management plan. Also establishes conditions under which the Secretary *may* terminate a guaranty agency's agreement and outlines the Secretary's responsibilities in such instances including the honoring of all guarantees.

Paragraph (4) allows the administrative cost allowance (a.c.a.) to be used to promote participation to all lenders and permits the Secretary to reduce or withhold the a.c.a. to any guaranty agency that does not provide the financial information discussed in paragraph (2) of this section.

Paragraph (5) of this section promulgates rules and operating procedures for lender-of-last-resort designed to ensure access and requires guarantors to provide institutions with lists of defaulted and delinquent borrowers. This paragraph also requires the guaranty agency to process address correction information received from the school.

Section 429 permits dependent students to borrow under the SLS program if they can demonstrate the ability to repay (which may include obtaining a credit worthy co-signer). This section also raises the annual loan limits in the SLS program to $5,000 for undergraduate borrowing limit of $23,000. The graduate yearly limit is set at $15,000 with total graduate SLS borrowing set at $30,000. The same total aggregate limits for all Part B (except PLUS) and Part E Loans apply as are outlined in section 428.

This section also permits lenders to accrue interest on less than a quarterly basis if they desire and clarifies that the 10 year repayment period begins at the time the first payment is due from the borrower. Also permits SLS borrowers to a single post deferment grace period of 6 months or a grace period equal in length to that of the borrower's Stafford Loan.

Section 430 raises the annual limits on the PLUS Loans to $6,000 and the aggregate limit to $30,000.

Section 431 amends Section 428C to allow borrowers 180 days after receipt of their consolidation Loan to add additional loans that maybe inadvertently omitted from the consolidation, permits married couples to consolidate loans and removes the $5,000 minimum from these loans while lengthening the period of time students with debts between $5,000 and $7,500 may take to repay from 10 to 12 years.

Section 432 requires any school with a default rate above the national average or with over $1 million in default to employ a full-time equivalent loan counselor.

Section 433 forbids a lender from selling a promissory note for any loan until all proceeds of such loan have been disbursed.

Section 434 requires the Secretary to publish annually the default rates for lenders, guaranty agencies and States. The Secretary must also issue regulations to prevent institutions from evading default measures.

Section 435 removes the provision that an account can only be reported to a credit bureau if it has not previously been reported.

Section 436 clarifies that the Secretary shall enforce limitations and suspensions of eligible lenders or institutions imposed by guaranty agencies.

This section also directs the Secretary to undertake a program to encourage employers to assist borrowers in repaying loans under this part, requires the development of standardized forms and reporting procedures for lenders and guaranty agencies on origination, guaranty, deferments, forbearances, servicing, claims filing and cures.

Section 437 adds in bold print on the disclosure to borrowers a clear statement that the borrower has received a loan that must be repaid and that the borrower's loan repayment obligation is separate and distinct from the school's obligation to the borrower. Also requires that the disclosure notice before repayment be provided during the grace period and provides for flexibility in the projected disclosure payments under the SLS Program.

Section 438 eliminates the use of a separate definition of institution of higher education in Section 435 of the Act by cross-referencing the definition in paragraph (b) to the current definition in Section 481. This section also lowers the default trigger cut-off to 25% in fiscal year 1994 and after. Also, changes the term "cohort default rate" to "annual default rate".

Section 439 requires the Secretary to pay loans of borrowers who have been temporarily or permanently relieved of student loan debts because of bankruptcy, in the case of school closures, or if the borrower's eligibility was fraudulently certified. In such cases the Secretary will be required to pursue the claim.

Section 440 lowers the special allowance from 3.25 to 3.10. Reduces the special allowance to 3.00 for lenders with default rates in excess of 25% or for any lender that does not provide the Secretary with information on when their SLS loans go into repayment. Establishes a 5% origination fee on SLS and PLUS loans. Takes the 1% limit off the premium that can be charged from the proceeds of tax-exempt obligations.

Section 441 creates one class of stock for Sallie Mae shareholders and modifies the selection procedures to the Board to reflect this change in voting status. Makes provisions for Sallie Mae's safety and soundness by requiring Sallie Mae to maintain certain reserve levels. Gives the Secretary of the Treasury authority to take corrective actions should the reserve level drop below 2%. Limits the type of construction, reconstruction, renovation and repair projects that Sallie Mae can finance or refinance to those directly related to academic facilities, equipment and materials.

Section 442 reauthorizes the College Work-Study (CWS) program with an appropriation of $700 Million for FY 93 and such sums for 6 succeeding fiscal years. Adds a provision to the purposes section to encourage students to pursue community service activities and adds a definition of Community Service.

Section 443 grants the Secretary authority to reallocate up to 10% of CWS funds above $700 Million to institutions that graduate or transfer over 50% of their Pell Grant recipients. Requires the Secretary to consider the number of part-time and full-time students in determining need under CWS.

Section 444 requires 10% of CWS funds to be used for community service and adds a provision to require the institutional agreements to reflect this change. Also requires that if the financial need of an institution's part-time students exceeds 5 percent of their total need, at least 5 percent of its CWS funds will go to such students. Raises the tolerance level for overpayment under CWS from $200 to $300 and applies this only to need based earnings.

This section also lowers the institutional match to 25%, provides a waiver for certain institutions having difficulties making the match and extends eligibility for all CWS study students to work in support services that are directly related to students' educations. Also requires all institutions to inform eligible students of the opportunity to perform community service.

Section 445 raises the amount of money institutions can put towards community service under the Job Location Development (JLD) program to 15 percent or $40,000. Also deletes the word "local" from the description of the type of organizations that institutions may consult.

Section 446 establishes a work-learning program so that work-colleges, which require students to participate in community service work as part of the education, can have more flexibility in the use of CWS funds. Also establishes a pilot program to test the concept of having CWS students mentor students at risk of dropping out of elementary or secondary school.

Section 447 repeals the Income Contingent Loan Program and allows schools to transfer the money to any of its campus-based programs.

Section 448 amends the Perkins Loan Program to clarify that students studying abroad are eligible to participate in the program. Reauthorizes the program at $200 Million for fiscal year 1993 and such sums for six succeeding fiscal years.

Section 449 raises the institutional match to 25% with a waiver for institutions for whom such match would cause institutional hardships and that serve a large number or percentage of low-income or minority students. This section also creates uniformity of practice in credit bureau reporting between the Stafford and Perkins Programs, deletes the requirement that third party collection agencies place monies collected on behalf of schools in interest-bearing accounts and makes the use of IRS skip-tracing optional.

Section 450 makes other provisions to conform credit bureau reporting requirements under the Perkins Loan Program to current requirements under the Stafford Program.

Section 451 establishes Perkins annual loan limits at $3,000 for undergraduates and $5,000 for graduates. Total undergraduate limits set at $15,000 with a combined undergraduate and graduate limit of $40,000. These limits may be exceeded by 20% for students in approved study abroad programs.

Also requires institutions to collect borrowers' drivers license numbers at the time of the loan application, requires that if the total need of part-time students at an institution exceeds 5 percent of that institution's total need than at least 5 percent of the Perkin's money must go to such students, raises the minimum monthly payment from $30 to $40, establishes the interest rate at 5 percent in the first four years of repayment and 8 percent thereafter, and permits institutions to perform credit checks on independent students and in the case of a student with an adverse credit history to require a credit worthy co-signer.

This section also parallels the simplifications to deferments made in the Stafford loan Program to the Perkins Program, namely: in-school, not in excess of three years for unemployment, and not in excess of three years during which the borrower is living in poverty. Also parallels the forbearance provision by requiring schools to allow forbearance if the borrowers debt burden equals or exceeds 20 percent of income or for other reasons as the institution sees appropriate. A provision is also added to permit institutions to compromise on defaulted loans.

Section 452 grandfathers borrowers under the current Perkins Loan forgiveness provisions so that even if their school loses designation as a qualified school, the borrower may remain in the program and not have to transfer schools. Also expands the current teacher cancellation to include teachers in shortage areas: math, science, foreign languages, special education, bilingual education and other areas identified by the SEA.

Section 453 allow institutions two years to expend Perkins loan funds before they are recaptured by the Secretary.

Section 454 provides a series of technical and conforming changes to reflect the creation of a single needs analysis system in Part F called the Student Aid Methodology and based upon the Pell Grant model.

Section 455 raises the minimum student contribution in the CWS, Perkins and Stafford Loan Programs to $900 for first-year undergraduates and $1100 for all other students. Counts all veterans benefits as resources.

Section 456 provides a uniform definition of cost-of-attendance for all Title IV programs with special reference for programs of study abroad.

Section 457 makes a conforming change of reflect the creation of a single needs analysis system.

Section 458 continues integration based on Pell by replacing language in 474 with that from 411A. Restricts the definition of the number of family members in college to only those who are enrolled at least half-time in a degree or certificate program. Excludes medical and dental expenses and elementary and secondary tuition from the methodology (moves to FAO discretion).

Section 459 creates an expected family contribution for dependent students based on the Pell model. Language modified to reflect the changes in determination of numbers in college, new definition of numbers in college, new definition of independent student, veterans' benefits, and elementary and secondary tuition. Also moves the treatment of dislocated workers and displaced homemakers to FAO discretion.

Uses the CM employment offset. Eliminates the consideration of farm and home equity for families with incomes below $50,000. Also reduces tax rates on prior year income for students returning to college from the workforce to 50% instead of 75%.

Section 460 parallel changes in 460 to independent students with dependent other than a spouse.

Section 461 parallel changes in 460 to single independent students or for married independent students without dependents.

Section 462 describes the conditions under which the Secretary may issue regulations concerning Student Aid Methodology.

Section 463 extends use of the simplified needs test to all families with incomes at or below $50,000 and who file or are eligible to file a 1040 A or EZ. Also provides an expected family contribution of zero for AFDC/ADC recipients.

Section 464 requires student financial aid administrators to adjust determinations for dislocated workers, displaced homemakers, medical and dental expenses and elementary and secondary tuition and fees.

Section 465 provides definitions and general calculation rules for use in the Student Aid Methodology. Simplifies the definition of independent student by making the following students automatically independent: those who are 24 years old, orphans or wards of the court, veterans, graduate and professional students, those who are married or have legal dependents.

Section 466 eliminates from eligibility for student aid programs any school that offers more than 50 percent of its courses by correspondence, enrolls more than 25% incarcerated students or uses commissioned salespeople in any phase of its operation. Also eliminates courses of study of less than 600 clock hours, adds a definition of academic year and eligible program and provides a definition of "origination relationship" between schools and lenders.

Section 467 provides clarification on Congressional intent concerning the effective date of regulations as they relate to publication under the Master Calendar by striking the term "general administration" from the description of programs to be placed under such limitation.

Section 468 specifies that the Secretary must continue to publish and distribute a separate and distinct free Application for Federal Student Aid. Requires a clear separation between federal and nonfederal questions on the MDE forms. Authorizes the Secretary to use the MDE contract to assist States in collecting data for state awards and to require MDEs to bid the estimated marginal cost of collecting and processing additional state questions. Also mandates the creation of a common simplified reapplication form. Requires the Secretary to use the MDE contracts as a mechanism for implementing an early eligibility process.

Eliminates the Notice of Student Aid Receipt and replaces it with a requirement that aid notifications designate programs as federal. Also requires the creation of a common guaranteed student loan application form, promissory note and deferment form.

Section 469 clarifies that students in programs of study abroad are eligible students, eliminates incarcerated students from the student loan programs, makes more explicit the Secretary's authority to regulate on ability-to-benefit tests, allow students who have inadvertently borrowed in excess of loan limits to repay the excess rather than be permanently disqualified from further aid, substitutes an authority for the immigration status alternate verification system for the current system, and requires that correspondence courses must be part of an associate's or bachelor's degree program in order for student's to receive aid for such courses.

Section 470 specifies that borrowers may not use any act or failure to act by an educational institution as a reason not to repay their loans unless the lender had an origination relationship with the institution.

Section 471 requires current dissemination activities to include information on the availability of student aid for study abroad programs. Also provides for the collection of additional borrower information during the exit interview.

Section 472 adds a provision to the National Student Loan Data System allowing electronic exchange of data, provides for the monitoring of enrollment, student status, and internship and residency information, requires the Secretary to require standardization in data submission and authorizes the use of modern data processing.

Section 473 requires lenders to work with borrowers and guaranty agencies to ensure that to the extent practicable, all loans are treated as one for the purposes of repayment. Also requires guaranty agencies to work with borrowers to ensure that, to the extent practicable, a borrower only has one lender, guaranty agency and servicer with which to maintain contact.

Section 474 eliminates the Training in Financial Aid and Student Support Services program.

Section 475 authorizes a new program in the Department of Education to conduct a national information campaign to publicize the availability of federal student aid, the importance of postsecondary education, and the need and necessity to complete a secondary education in order to meet the requirements for college. $15 million is authorized in fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years.

Section 476 amends the program participation agreements section to require institutions to provide any information required under the new TRIAD requirements.

This section also limits the total Stafford loan borrowing for any new private school to $1 million. Years 2, 3, and 4 can be no higher than 150% of the prior year's volume. Requires institutions to use the same definition of academic year for all Title IV programs. Mandates that all new schools, schools that have ownership changes, or those that branch undergo a default management plan for two years.

This section also eliminates the requirement that hearings be "on the record" and also requires annual audits of all institutions in place of the biannual ones required under current law. Makes explicit the Secretary's authority to take account of other actions he deems appropriate in considering institutional eligibility.

Section 477 requires the Secretary to assign each participant in Title IV programs (including institutions, lenders and guaranty agencies) a single Department of Education identification number to be used to identify its participation in each of the Title IV programs.

Section 478 permits institutions to transfer up to 25% of funds between SEOG and College Work Study programs.

Section 479 increases the penalties for fraud and abuse. Eliminates certain restrictions on the Secretary's ability to fine lenders and guaranty agencies. Makes the failure to make refunds subject to criminal penalties. Also makes the attempt to commit the offenses subject to criminal penalties.

Section 480 reauthorizes the Advisory Committee on Student Financial Assistance with annual available funds set at $750,000. Adds a number of special analysis the Advisory Committee shall perform.

Section 481 specifically authorizes schools and lenders to make payments to or enter into contracts with organizations for the purpose of encouraging student loan repayments and default reduction. Clarifies congressional intent that study abroad programs are eligible for student financial assistance. Also authorizes the Commissioner of the Social Security to assist the Secretary in determining if borrowers are using true and correct social security numbers. Requires negotiated rulemaking for all Title IV Programs.

Section 482 clarifies and strengthens the existing TRIAD process for institutional recognition which includes eligibility and certification by the Department, state licensing and accreditation.

In licensing, establishes minimum standards which must be met in order for the state license to serve as an adequate prerequisite for Title IV eligibility, including: protection in case of school closure, a refund policy which must include pro-rata refunds for first-time students in their first half semester, a consumer protection policy due process procedures, process for prompt investigation and resolution of complaints, standards for institutional advertising, periodic schedule of on-site visits to institutions, assurances that institutions have adequate facilities, procedures relating to financial and administrative capacities, procedures for sharing of information with appropriate entities relating to Title IV eligibility, provision of information to students, assurances that school officials are properly credentialed, and assurances that the school maintains and enforces adequate standards relating to attendance, satisfactory academic progress and student performance.

If the state fails to meet these requirements, institutions in that state will lose Title IV eligibility. Allows the Secretary to waive this penalty by assigning the responsibility to another agency or assuming it himself. Also permits stats to charge institutions fees to carry out this responsibility. Authorizes $10 Million in FY 1993 and such sums thereafter to assist states in meeting additional expenses involved in establishing and implementing licensing standards.

In accreditation, establishes six new statutory standards including that the association be statewide, regional, or national in scope, have a voluntary membership, be separate and independent from any related professional or trade association, ensure quality of the education to be offered, and ensures due process. Also requires certain operating procedures and reporting requirements and prevents accreditation hopping.

In eligibility and certification, reforms the Department's current process by specifying some of the information schools must provide the Department in the application process, providing for provisional and conditional certification, and providing for periodic review with priority given to high risk schools. Directs the secretary to develop objective performance standards in consultation with appropriate public and private entities for the administration of Title IV programs and to issue new standards on institutional financial stability and outcome factors.

This section also requires the Secretary to provide training to personnel of the Department designed to improve the quality of audits and program reviews, including criminal investigative training.

TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

Section 501(a) amends title V. Modifies the purpose of the title to reinforce the importance of educator recruitment and professional development. Eliminates current parts, A, C, and E of current law and restructures the title as follows:

Part A—Teacher Training for Nontraditional Students

Subpart 1—New Careers for Teachers

Section 511 states that purpose of the subpart.

Section 512 authorizes the Secretary to make competitive, matching grants (for 2 years and renewable for periods of up to 3 years) to eligible recipients for programs that attract minority candidates to teaching. Priority given to programs focusing on minority recruitment, and special consideration given to those attracting non-English speakers trained in their home country or to persons employed in a local educational agency (LEA).

Section 513 defines the term "eligible recipient."

Section 514 outlines contents of applications and requirements of applicants.

Section 515 authorizes funds to be used to pay tuition, release time, and child care stipends. Limits administrative expenses to 10%.

Section 515A authorizes appropriations of $5 million and such sums.

Subpart 2—Minority Teacher Recruitment

Section 516 establishes new program authorizing the Secretary to make 50%-matching grants to improve recruitment and training opportunities in education for minorities, including language minorities, and to increase the number of minority teachers.

Section 517 permits funds to be used by various entities for purposes including: identification of students from minority backgrounds who are interested in teaching and provision of support to them; establishment or strengthening of teacher training and early identification programs; establishment of partnerships with graduate schools.

Section 518 describes application procedures. If requested by the State educational agency (SEA), an LEA's application can be reviewed by the SEA.

Section 519 limits administrative expenses to 10%.

Section 520 authorizes appropriations of $5 million and such sums.

Part B—School, College, and University Partnerships

This program, which establishes partnerships between institutions of higher education and secondary schools serving disadvantaged students, is reauthorized with the following modifications:

Section 521 includes: language specifying that schools serving disadvantaged urban and rural as well as low-income students should be targeted; a new provision stating that funded programs should improve the retention and graduation rates of such students.

Section 522 requires an institution of higher education or a State higher education agency to enter into a partnership with a secondary school or LEA; permits telecommunications entities to be included in partnership agreements; and specifies that the agreement shall include a designation of representatives of each participating entity.

Section 523 including provision granting preference to programs serving migrant and limited English proficient (LEP) students as well as the other groups mentioned in current law. Limits grant awards to 3 years, and requires equitable geographic distribution.

Section 524 requires application to include, among other things, a description of activities and services for which assistance is sought. Permits the Secretary to waive matching requirement if unique hardship is demonstrated.

Section 525 strikes the Community College Pilot Project and adds a provision requiring the Secretary to designate a peer review panel to review applications and make recommendations.

Section 526 authorizes appropriations of $15 million and such sums.

Part C—National Board for Professional Teaching Standards

Section 531 cites the short title of part C.

Section 532 provides findings of the Congress and states the purpose of part C, which is to enable the National Board for Professional Teaching Standards to conduct research and development on teaching standards.

Section 533 defines the terms "Board," "Committee," and "Director," and provides that nothing in this part shall be construed to infringe upon home or private school teaching.

Section 534 authorizes $20 million for the Board from October 1, 1991, to September 30, 1995. Requires the Board to, among other things: widely disseminate for review descriptions of projects; make awards competitively and based on merit; not use Federal funds for administrative expenses; submit an annual report to Congress; disseminate the results of any research produced.

Section 535 requires the Board to consult at least twice annually with the Committee regarding research and development strategy.

Section 536 specifies authorized activities and funding priorities, which emphasize certain core subjects and the need to certify teachers who teach special populations.

Section 537 describes proper application procedure.

Section 538 provides that the Federal share of costs shall be 50%.

Section 539 outlines required contents of the Board's annual report to Congress. Requires the Secretary, the Director, and the National Research Council to report to Congress regarding the Board's compliance with the requirements of this part. Also gives the Comptroller General access to information for audits and examinations.

Section 540 specifies that this part shall not be construed to: establish a preferred national curriculum or teaching methodology; infringe upon the rights of States to license teachers; provide a certified individual with rights of action against a State, LEA, or other entity regarding personnel decisions; or permit the Secretary to exercise authority over research, practices, standards, policies, or administration of the Board.

Part D—Teacher Scholarships and Fellowships

Subpart 1—Paul Douglas Teacher Scholarships

Sections 541-550A, Part D, subpart 1 reauthorizes the Paul Douglas Teacher Scholarships Program (formerly the Congressional Teacher Scholarships Program) with changes. Eliminates the cap that currently limits the number of scholarship recipients to 10,000. Requires the administering State agency to attract underrepresented as well as low-income students to the program, and provides that priority must be given to minority and disabled individuals. Requires the Secretary to: evaluate the success of the program; submit any findings to the President and Congress through interim evaluations and a final report, which is to be presented by January 1, 1995; reserve not more than $1 million for such evaluations. Authorizes appropriations of $27 million and such sums.

Subpart 2—Christa McAuliffe Career Teacher Corps

This program is reauthorized with major changes as follows:

Section 551 states the purpose of the subpart and renames the fellowships as Christa McAuliffe Career Teacher Corps Fellowships and recipients as Christa McAuliffe Career Teacher Corps members.

Section 552 authorizes grants to SEAs, based on school-aged population. Permits Secretary to adjust awards to ensure that they are of sufficient size. Limits to 10% the amount of grants that may be used for activities described in section 559.

Section 553 requires fellowships to be awarded to teachers employed for at least 8 years and in an amount equal to the recipient's annual salary. If the award is for less than one year, the fellowship is ratably reduced. Prohibits members from receiving an award for 2 consecutive years, and requires members to return to their current employment for at least 2 years after the award period. Outlines permissible uses of fellowships.

Section 554 provides that members be selected in each State by a panel appointed by the chief State school officer or by an existing panel.

Section 555 requires statewide panel that evaluates proposals to consult with LEA and to consider the applicant's evaluation, commitment, and intended activities. Permits panel to request additional recommendations. Provides for special consideration to individuals intending to teach science or mathematics or to provide services to disabled, LEP, or preschool students.

Section 556 requires fellowship recipients to enter into a written agreement with their SEA and, if subsequently found in noncompliance with the agreement's provisions, to repay a pro rata amount of the fellowship received. Provides exceptions to repayment requirement, and permits the Secretary to waive repayment under certain circumstances.

Section 557 requires the Secretary to make awards to SEAs and to conduct activities bringing fellowship recipients together.

Section 558 describes application procedures and contents.

Section 559 authorizes use of funds. Requires each SEA to publicize the availability of fellowships and to recruit minority teachers.

Section 560 requires the Secretary to: evaluate the program's activities and effectiveness; submit any findings to the President and Congress through interim evaluations and a final report, which is to be presented by January 1, 1995; reserve not more than $1 million for such evaluations.

Section 560A authorizes appropriations of $27 million and such sums.

Part E—Teacher Corps

Section 561 establishes new program authorizing grants to be awarded to SEAs to attract highly qualified individuals into teaching. When appropriations are under $50 million, grants are competitive; when appropriations equal or exceed $50 million, grants are awarded on the basis of school-age population. Defines "Teachers Corps school" as a public school with one of the highest levels of poverty and lowest levels of student achievement in the State. Cites scholarships as Teacher Corps scholarships and recipients as Teacher Corps members.

Section 562 requires the Secretary to use funds to disseminate information on scholarships and for other purposes. Requires SEAs to use funds, among other things, to evaluate applications and award scholarships, and to ensure that members understand and fulfill their obligations to repay scholarships. Permits the Secretary to make grants to nonprofit organizations to recruit members, to establish and conduct training programs, and to bring members together. Reserves 5% of funds for technical assistance to LEAs and administrative costs and an additional 5% for induction and mentoring programs.

Section 563 requires the SEA to select Teacher Corps members and establish criteria for their selection. Provides that special consideration be given to selection of individuals who are either intending to teach disabled, LEP, or preschool students or who are from disadvantaged backgrounds or are underrepresented in teaching or in certain curricular areas.

Section 564 outlines requirements of applications.

Section 565 describes eligibility requirements for scholarships, and provides that scholarships shall be $5,000 per year for no more than 3 years. Requires that awards be considered as assistance in determining eligibility for title IV aid, and provides that if combined assistance exceeds the cost of attendance, title IV loans shall be reduced accordingly.

Section 566 requires Teacher Corps members to enter into a written agreement with their SEAs. Outlines assurances that must be provided in the agreement, including that the recipient will participate in teaching-related activities while enrolled in an academic program and will teach for 3 years in a Teacher Corps school. Specifies repayment provisions for those found in noncompliance with the agreement. Requires SEA to use repaid amounts to award additional scholarships. Also permits the Secretary to waive teaching service or repayment under certain extreme circumstances.

Section 567 requires each participating SEA to publicize information concerning Teacher Corps scholarships and specifies the students, other individuals, and institutions to be targeted.

Section 568 authorizes appropriations of $50 million and such sums.

Part F—State Academies for Educators

Section 570 states the purposes of this part.

Subpart 1—General Provisions

Section 571 allots funds, reserving not more than 2% for evaluation and dissemination of activities under subparts 2, 3, and 4. From the remaining funds for subparts 2, 3, 4, and 5, allotments shall be made to each SEA as follows: 50% on the basis of the number of full-time equivalent public school teaches; 25% on the basis of basic and concentration Chapter 1 grants; and 25% on the basis of the number of persons aged 5-17. Authorizes appropriations of $132 million and such sums for subparts 2, 3, and 4, of which 50% shall be available for subpart 2, 15% for subpart 3, and 35% for subpart 4. Authorizes appropriations for subpart 5 of $8 million and such sums.

Section 572 requires interested SEAs to prepare a plan in consultation with the Governor and submit such plan to the Secretary. Outlines the required contents of such plan, including an assurance that the State will continue the academies after Federal funds are no longer available, and a description of how the academies will attract minority, bilingual, and disabled individuals, as well as those from areas with high numbers or concentrations of disadvantaged students.

Section 573 permits States receiving assistance to combine resources with any other State to operate Academies.

Section 574 limits duration of funding to 5 years and authorizes the Secretary to review activities and progress of SEAs and to allocate funds appropriately.

Section 575 defines the terms "Academy," "eligible entity," "key academic areas," and "State."

Section 575A requires SEAs receiving funding to evaluate each Academy located in their State and report findings to the Secretary, who then reports to Congress.

Subpart 2—State Academies for Teachers

Section 576 states the purpose of this subpart.

Section 577 describes procedures by which eligible entities apply to SEAs and lists required contents of applications.

Section 578 authorizes SEAs to use funds to award one or more competitive grants to eligible entities. Requires grant recipients to use funds to meet operating costs of Academies.

Section 579 specifies additional uses of funds.

Section 580 limits use of Federal funds for operation costs to 75% in the first year, 65% in the second year, 55% in the third year, 45% in the fourth year, and 35% in the fifth year.

Section 580A requires at least 70% of funds to be used for enhancement of participant knowledge in key subjects, and at least 20% for enhancement of knowledge in other areas. Permits SEA to provide for training in 2 or more subjects at one site.

Section 580B requires Academies to establish 10-member panels to select teachers to attend National Teacher Academies established in part G. Provides requirements for composition and broad representation of panels, and outlines the functions of panels.

Subpart 3—State Academies for School Leaders

Section 581 states the purpose of this subpart.

Section 582 outlines application procedures and lists necessary contents of applications.

Section 583 authorizes SEAs to use their allotments to award competitive grants to eligible entities to operate Academies. Requires recipients to use funds to carry out activities in section 584. Requires at least 70% of participants to be from school building level, and permits Academies to be located at same site as those under subpart 2.

Section 584 authorizes activities for which funds may be used.

Section 585 limits use of Federal funds to a portion of total expenses of each Academy, dropping from 75% in the initial year to 35% by the fifth.

Subpart 4—Professional Development Academies

Section 586 states the purpose of this subpart.

Section 587 outlines application requirements and contents. Applicants must be partnerships linking one or more LEAs with one or more institutions of higher education. In recruiting teachers for participation, efforts must be made to attract minorities, the disabled, and disadvantaged students. Provides, among other things, that academies must be designed and conducted by faculty and teachers from institutions of higher education and local schools that have demonstrated academic excellence, and that faculty must include subject area experts

Section 588 authorizes uses of funds under this subpart. Permits SEA to limit amount of funds used for remodeling and equipment purchases.

Section 589 describes authorized activities, which include: training and internships; mentoring and induction activities; teaching skills and strategies, enhancement of teaching and classroom management skills; experimentation and research to improve teaching and learning.

Section 590 prohibits funds from being used to pay for more than 75% of an Academy's operating costs during such Academy's first 3 years of funding. This share drops to 50% in the next 2 years.

Subpart 5—Teacher Awards

Section 590A states the purpose of this subpart.

Section 590B authorizes SEAs to award grants to State Academies for Teachers based on the number of full-time equivalent public school teachers attending Academies compared to the number of full-time equivalent public school teachers in the State. Awards of up to $5,000 are made by each Academy to outstanding full-time public and private school teachers on the basis of criteria that are developed by such Academy and approved by the SEA.

Section 590C establishes nominations and award criteria.

Part G—National Teacher Academies

Section 591 establishes this new program awarding competitive, renewable, 3 year grants for the establishment of National Teacher Academies in the following subject areas: English; mathematics; science; history; geography; civics and government; and foreign languages. Requires academy staff to be selected from the most prominent scholars in the above fields and in methodologies to improve teaching in these fields.

Section 592 defines the term "eligible recipient" and requires such recipients to have demonstrated expertise in the subject area of the National Teacher Academy to be established and in the in-service training of teachers.

Section 593 requires that funds be used for in-service training programs, at least one annual 3-week summer institute, and support services. Limits administrative costs to 10%.

Section 594 outlines required contents of applications.

Section 595 requires panels established in section 580 to select State delegations to participate in National Teacher Academies, and provides guidelines regarding the composition and duties of such delegations.

Section 595A requires participating individuals to be selected by panel described in section 580B.

Section 595B requires the Secretary to evaluate this program every 2 years and to make the results available to Congress.

Section 595C authorizes appropriations of $35 million and such sums, of which no more than $5 million is authorized for each National Teacher Academy. Outlines proper distribution of funds.

Part H—Alternative Routes Teacher and Principal Certification and Licensure

Section 596 cites the short title of this part.

Section 597 provides the findings of this part.

Section 598 states the purpose of this part.

Section 599 defines the term "State."

Section 599A among other things, requires the Secretary to allot to States lesser of either the amount for which the State applies under section 599A or an amount based on the number of children aged 5-17 in the State.

Section 599B describes procedure by which States, through SEAs, apply for allotments, and lists contents of applications.

Section 599C requires funds to be used by SEAs to support programs that provide teacher and principal training to individuals moving to a career in education from another occupation. Permits use of funds for: programs that enable qualified professionals to fulfill State certification or licensure requirements; recruitment strategies; reciprocity agreements among States for certification or licensure; and other purposes.

Section 599D authorizes appropriation of $15 million for FY 1993.

Part I—Middle School Teaching Demonstration Programs

Section 599E states the purpose of this part.

Section 599F defines key terms for this part.

Section 599G establishes this new program which awards competitive grants to institutions of higher education to develop model programs focusing on teaching grades 6 to 9. Limits grant awards to 3 years and to $250,000 in the first year.

Section 599H describes application procedures and lists necessary contents of applications.

Section 599I requires grant recipients to submit information to the Secretary as the Secretary deems necessary. Requires the Secretary to disseminate such information.

Section 599J authorizes appropriations of $5 million and such sums.

Part J—National Migrant Education Mini-Corps Program

Section 599K establishes a demonstration program to enable migrant students enrolled in institutions of higher education or teacher training programs to develop leadership and training skills to be role models for migrant children and to provide a linkage between higher education and the migrant community.

Section 599L requires the Secretary to evaluate this program by January 1, 1996, and to report the results to Congress.

Section 599M authorizes appropriations of $5 million and such sums.

Part K—Foreign Language Instruction

Subpart 1—Demonstration Grants for Critical Language and Area Studies

Section 599N establishes new program which provides grants to be awarded to consortia to operate and enhance language and area study programs. Limits individual grants to $2 million. Priority is given to consortia in existence one year which have proven to be effective in the field of critical language and area studies. Requires "eligible consortia" to involve at least one higher education institution, one secondary school with experience in teaching critical foreign languages, one secondary school with critical foreign language experience where 25 percent or more of the students are eligible for Chapter 1, and one secondary school with no such experience and where at least 25 percent of students are eligible for Chapter 1. Requires the Secretary to give priority to those which have been in existence for at least one year and have proven effectiveness. Sets a 10 percent limit on support of administrative expenses.

Subpart 2—Development of Foreign Language and Culture Instructional Materials

Section 599P authorizes the Secretary to provide competitive grants to institutions and organizations to coordinate the development and dissemination of foreign language and cultural instructional materials and to encourage the expanded use of technology in teaching foreign languages and culture in elementary and secondary schools.

Subpart 3—Authorization of Appropriations

Section 599Q authorizes appropriations for part E of: $15 million and such sums for subpart 1; $4 million and such sums for subpart 2.

Part L—Early Childhood Teacher Staff and Professional Enhancement

Section 599R cites this part as the "Early Childhood Staff Training and Professional Enhancement Grants Act."

Section 599S describes Committee findings on early childhood staff training and professional growth.

Section 599T describes the purposes of Part L.

Section 599U authorizes the Secretary to award competitive grants to States for a period of 5 years to pay for the costs of planning and implementing early childhood staff training systems associated with career growth.

Section 599V requires the chief executive officer of a State, in consultation with the State education agency, to designate an appropriate State agency as the lead agency. The lead agency shall administer the grants, hold at least one public hearing, and assist in coordinating services under this part with other Federal, State and local programs.

Section 599W requires the lead agency to appoint an Advisory Committee that will develop the State plan. Members of the Advisory Committee will include, to the extent feasible: representatives of institutions of higher education, an organization representing child care providers, early childhood division of the State education agency, the State early childhood teacher certification agency, child care licensing or regulating agency, local child care resource and referral agency, a State Head Start association, an early childhood staff training organization, the lead State agency for the Child Care Development and Block Grant, a parent organization, a State-funded preschool program, a state employment and job training agency, and a State department of community development.

Section 599X requires each state to submit a grant application through its lead agency in such time and manner as the Secretary shall require. Each plan shall provide information on current offerings and articulation, the goals of the plan, the core content of staff roles, association of training with career growth, use of funds, coordination with other programs, agencies and organizations, and how such information will be disseminated.

Section 599Y requires the Secretary to provide a continuing evaluation of activities assisted under this part. Each State grant recipient shall evaluate its activities and the impact of activities in an interim evaluation submitted to the Secretary by January 1, 1995, and a final report submitted by January 1, 1997. The Secretary shall submit to Congress and each State education agency and Child Care and Development Block grant agency a report assessing State evaluations.

Section 599Z authorizes $10 million and such sums.

Section 501(b) repeals part H as of July 1, 1995.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

Part A—International and Foreign Language Studies

Section 601 amends the purpose of part A to emphasize the national need to create a pool of international experts.

Section 602 reauthorizes graduate and undergraduate language and area centers with modifications to stress the need for greater program diversity and for the development of formalized linkages and outreach programs, including those carried out by summer institutes. Amends language on stipend recipients to allow eligibility for students of less commonly taught languages. Also shifts administration of second tier Foreign Assistant Scholarships to national resource centers.

Section 603 modifies section on Language Resource Centers by specifying that they should be national in scope and limited in number and by replacing the term "proficiency testing" with "performance testing."

Section 604 amends current section to require that grants for undergraduate international studies and foreign language programs are used as seed money for the creation of new programs and do not exceed 50 percent of the costs of projects. Replaces language on integration of degree programs to provide for more flexibility. Restructures subparagraph (b) to: specify numerous activities for which grants to strengthen and enhance international studies programs may be awarded; and authorizes the Secretary to make grants to institutions to expand overseas educational opportunities.

Section 605 replaces language on research and studies to reflect emerging challenges in foreign language and international studies, including the increasing demand for specialists in government, education, and the private sector. Requires the Secretary not only to prepare and publish but also to announce an annual report.

Section 606 modifies language in heading and text of section 607 to allow for the collection of research materials that may only exist in manuscript or other form and to ensure that materials will be made widely available to users.

Section 607 adds paragraph to section on equitable distribution of funds to encourage the Secretary to increase funding for undergraduate programs.

Section 608 creates new section 610, which authorizes the Secretary to make grants and enter into contracts with American Overseas Research Centers. Grants may be used to pay the cost of establishing or operating a Center or program, and are available only to fully accredited members of the Council of American Overseas Research Centers.

Section 609 authorizes appropriations for part A of $60 million and such sums.

Part B—Business and International Education Programs

Section 610 includes as eligible and programs under the Centers for International Business Education (section 612) the following: summer institutes in international business, foreign area and international studies; and the establishment of overseas linkages.

Section 611 adds institutes and the establishment of overseas linkages to the list of eligible activities under section 613, Education and Training Programs.

Section 612 authorizes appropriations of $10 million and such sums for section 612, and of $6 million and such sums for section 613.

Section 613 redesignates part C as part E. Also adds the following sections to title VI:

Part C—Minority Foreign Service Professional Development Program

Section 621 establishes new part C, Minority Foreign Service Professional Development Program, to award competitive grants to institutions with a significant minority student enrollment to prepare underrepresented students for entrance into the U.S. foreign service. Limits duration of grant awards to 5 years.

Section 622 designates activities for which funds received under this part may be used.

Section 623 describes application requirements for part C.

Section 624 authorizes appropriations of $5 million and such sums for part C.

Part D—Fulbright-Hays Educational and Cultural Exchanges

Section 631 moves Fulbright-Hays program to part D from section 102(b)(6) of the Mutual Educational and Cultural Exchange Act with modifications to improve coordination of the program, to expand funding opportunities, and to promote advanced research overseas by consortia of higher education institutions.

Part E—General Provisions

Section 614 inserts a provision to specify that references to institutions of higher education shall include licensed and accredited American institutions of higher education operating abroad.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Section 701 repeals parts A, B, C, D, G, and J, as well as section 781. Redesignates parts E, F, and H as parts B, C, and D, respectively, and renames part C (as redesignated). Updates sections and section references to conform with changes.

Section 702 authorizes appropriations of such sums as necessary for FY 1993 and the 6 succeeding years to pay obligations incurred prior to 1987 under former parts C and D. Also subjects all entities with continuing obligations under former parts A, B, C, and D to the requirements in effect before the effective date of the current reauthorization.

Part A—Improvement of Academic and Library Facilities

Section 703 authorizes new program containing the following provisions:

Section 711 cites title as the "Higher Education Facilities Act of 1991."

Section 712 establishes findings that stress the expansion of institutions of higher education, the inability of sources of funding for facilities to keep up with this expansion, the estimation that the current need for capital investment exceeds $60 billion, and the vulnerability of the United States' global competitiveness if such trends continue.

Section 713 provides that allotment of funds to State higher education agencies be based 50% on population and 50% on the number of students attending institutions of higher education. Requires a dollar-for-dollar State match. Provides that if an eligible institution within a State receives direct, noncompetitive Federal funds for facilities, then such State shall have the amount of such funds subtracted from the amount of such State's allocation under this section.

Section 714 requires State higher education agencies to award grants on a competitive, equitable basis to eligible public and private institutions for activities including the improvement, renovation, and construction of academic and library facilities and for telecommunications equipment. Also requires, among other things, a dollar-for-dollar institutional match.

Section 715 describes contents of application.

Section 716 defines the term "eligible institution."

Section 717authorizes appropriations of $400 million for FY 1993 and such sums for the 6 succeeding fiscal years.

Part C—Loans for Construction, Reconstruction, and Renovation of Academic, Housing, and Other Educational Facilities

Section 704 includes the following: language to make graduate academic facilities eligible for assistance; a 20% matching requirement.

Section 705 amends section on apportionment priorities to include graduate facilities.

Section 706 creates separate section for provisions on funding rules. Authorizes for part C $30 million for FY 1993 and such sums as necessary for the 6 succeeding years.

Section 707 amends section on definition by replacing the term "educational institution" with the term "institution of higher education" and by adding a definition of the term "graduate academic facility."

Part D—General

Section 708 adds new section authorizing the Secretary to forgive all or part of a loan made under former parts C, F, or the College Housing and Academic Facilities loan program under certain circumstances, including if the Secretary determines that severe indebtedness threatens the survival of the institution.

TITLE VIII—COOPERATIVE EDUCATION

Section 801 repeals title VIII and amends it as follows:

Section 801 provides the following new provisions: a statement of purpose, to encourage institutions to develop and make available cooperative education programs to students; and a definition of "cooperative education" which previously was contained in section 802 and technically applied only to programs under that section.

Section 802 authorizes appropriations for Cooperative Education programs of $20 million for FY 1993 and such sums beyond. Appropriations are to be allocated as follows: not less than 50% for new programs; not less than 25% for established programs; not more than 11% for demonstration projects; not more than 11% for training and resource centers; and not more than 3% for research.

Section 803 reauthorizes for cooperative education programs with the following modifications: distinguishes between new programs (for institutions which have not received support for 10 years) and established programs, and prohibits any institution from receiving grants under both categories in the same year; states that grants to institutions for established programs will be based on the relationship between the applicant institution's number of unduplicated students placed in the coop jobs in the previous year and the total number of students placed from all institutions applying; prohibits institutions with established programs from receiving grants in excess of 25% of the program's operating and personnel budget for the previous fiscal year; ensures that institutions will maintain fiscal support for programs, and permits the Secretary to discontinue grants to institutions that fail to do so; includes associates degree candidates in eligibility language; tightens accountability requirements of programs; ensures that applicants will describe plans to evaluate their programs and disseminate the results; and decreases the Federal share to 85% in the first year, 70% in the second, 55% in the third, 40% in the fourth, and 25% in the fifth.

Section 804 continues grants for demonstration projects, training centers, and research with minor modifications and a provision that no more than 3% of funds appropriated for this section may be used to enter into contracts with either institutions of higher education or with other organizations.

TITLE IX—GRADUATE PROGRAMS

Section 901 amends title IX. Adds a section on purposes and administrative provisions, and restructures the title into two parts. Part A contains three subparts: subpart 1, Patricia Roberts Harris Fellowships (formerly part B); subpart 2, Assistance for Training in the Legal Profession (formerly part E); and subpart 3, Law School Clinical Experience Programs (formerly part F). The new part B is made up of: subpart 1, Jacob K. Javits Fellows Program (formerly part C); subpart 2, Graduate Assistance in Areas of National Need (formerly part D); and subpart 3, Dennis Chavez Fellowship Program. Modifications of title IX follow:

Part A—Grants to Encourage Participation in Graduate Education

Sections 911-914 Patricia Roberts Harris Fellowships are reauthorized with modifications: to divide appropriations evenly between masters and doctoral study, along with a provision to provide at least 15% to institutions for programs leading to careers serving the public interest; to provide $8,000 per student to institutions serving stipend recipients; to raise minimum stipend to $14,000; to add language concerning requirements for awards. Authorization of appropriations: $25 million and such sums.

Sections 921-922 assistance for training in the legal profession is reauthorized without changes. Authorization of appropriations: $5 million and such sums.

Sections 925–927 Law School Clinical Experience Programs are reauthorized without changes. Authorization of appropriations: $10 million and such sums.

Part B—Grants to Enhance the Quality and Diversity of Academic Faculty

Sections 931-935 the Jacob K. Javits Fellows Program is reauthorized with modifications: to delete the limitation on the number of fellowships awarded; to limit stipends to $14,000; to increase to $8,000 per student the amount paid to institutions serving recipients; to authorize appropriations of $15 million and such sums.

Sections 941-947 Graduate Assistance in Areas of National Need is continued with modifications of legislative language concerning areas of national need, contents of applications, and awards to graduate students. Minimum stipend is raised to $14,000, and the Secretary is required to award $8,000 per student to each institution with a stipend recipient. Authorization of appropriations is $35 million and such sums.

Sections 951-956 the new Dennis Chavez Fellowship Program provides grants to institutions of higher education and other entities to encourage students and faculty from underrepresented groups to pursue graduate study leading to a doctoral degree. Limits awards to $10,000 per individual. Requires the Secretary to ensure equitable geographic and institutional distribution. Requires fellowship recipients to teach for at least 2 years for each year for which assistance is received. Authorizes appropriations of $20 million and such sums.

TITLE X—POSTSECONDARY IMPROVEMENT PROGRAMS

Section 1001 repeals title X.

TITLE XI—URBAN COMMUNITY SERVICE

Section 1101 repeals title XI and replaces it with the following:

Section 1101 provides findings emphasizing the pressing problems faced by urban centers and the need to direct funds towards the solution of such problems.

Section 1102 establishes that the purpose of the title is to provide incentives to urban institutions to solve pressing community problems.

Section 1103 describes application procedures for eligible institutions of higher education.

Section 1104 specifies authorized activities and areas that require assistance.

Section 1105 requires the Secretary to designate a peer review panel to review applications.

Section 1106 limits grant awards to 3 years and prohibits the Secretary from making a payment exceeding $500,000 in any 1 year.

Section 1107 requires the Secretary to designate institutions awarded grants as "Urban Grant Institutions" and to publish a list of such institutions.

Section 1108 defines the terms "urban area" and "eligible institution."

Section 1109 authorizes appropriations for title XI of $15 million and such sums.

TITLE XII—GENERAL PROVISIONS AND DEMONSTRATION PROGRAMS

Section 1201 adds a definition of "State Higher Education Agency" to Title XII.

Section 1202 sets up a series of minimum state licensing standards that shall be established for high-risk schools.

Section 1203 replaces the current National Advisory Committee on Accreditation and Institutional Eligibility with a new National Advisory Committee on Institutional Quality and Integrity whose purpose will be to advise the Secretary on accreditation as it relates to Title IV eligibility.

Section 1204 provides for a series of demonstration programs including a demonstration program to test the feasibility of loan forgiveness under the Stafford Loan Program, a demonstration program to test the effectiveness providing greater flexibility in collection procedures under the Stafford Loan Program, and a demonstration program to test the viability of establishing a national student savings bank.

TITLE XIII—EDUCATION ADMINISTRATION

Section 1301 requires the Secretary to review and make recommendations concerning the role of guaranty agencies within the Stafford Student Loan Program and to report to Congress on the advisability of statutorily protecting officials of accrediting agencies involved in the performance of legitimate activities under this act.

TITLE XIV—AMENDMENTS TO OTHER LAWS

Section 1401 removes the November 15, 1992 sunset on the elimination of any limitation period applicable to an offset, lawsuit, or other action brought to collect on a defaulted student loan or a grant overpayment.

Section 1402 extends the enforcement provisions and procedures for resolving disputes between the Department of Education and recipients of Departmental funds in the General Education Provisions Act to institutions and agencies not currently covered.

Section 1403 reauthorizes with modifications the United States Institute of Peace Act, which establishes an independent, nonprofit, national institute to promote education and training, research, and public information programs to promote international peace. New language authorizes appropriations of $15 million and such sums. Permits the Institute, acting through its Board, to establish a Spark M. Matsunaga Scholars Program to award scholarships to outstanding secondary school and undergraduate students. Allows the Institute both to contract with foreign persons for services they render to the Institute and to receive private funds to purchase and equip a building and for program-related hospitality.

Section 1404 amends the Family Educational Rights and Privacy Act to exempt from the definition of "education records" under the Buckley Amendment any records maintained by a law enforcement unit of the educational agency or institution that were created by such law enforcement unit for the purpose of law enforcement.

TITLE XV—NATIONAL CENTER FOR THE WORKPLACE

Section 1501 sets forth the purpose for establishing a National Center for the Workplace.

Section 1502 provides that a National Center for the Workplace shall be established by competitive grant to a consortium of institutions of higher education and that the non-federal share shall be 25%. It also provides a definition of what constitutes an eligible consortium.

Section 1503 sets forth the use of funds, which include establishment and operation of a Center to bring together major researchers to study significant workplace problems and the provision of fellowships for graduate study.

Section 1504 establishes a Board of Advisors for the National Center, and sets the criteria for appointment.

Section 1505 sets forth conditions for the receipt of private gifts and donations by the National Center.

Section 1506 authorizes appropriations of $2.5 million for Fiscal 1993 and such sums for the 6 succeeding fiscal years.

VIII. ADDITIONAL VIEWS OF SENATORS KASSEBAUM, HATCH, THURMOND, COCHRAN, AND COATS

In general, S. 1150 is a sound piece of legislation—developed over the past several months in a spirit of bipartisan cooperation. The unanimous vote by which the Committee on Labor and Human Resources reported this legislation to the full Senate reflects the commitment which all of us have to higher education and to the students who wish to pursue the opportunities it opens to them.

We remain deeply concerned, however, by the provisions of S. 1150 which would make the Pell Grant program an entitlement. We will continue our efforts to eliminate the entitlement provisions when this legislation is considered on the Senate floor.

With the exception of the Pell Grant entitlement provisions, S. 1150 is a fiscally responsible measure. The cost of student loan program expansions has been offset by other loan program changes. The full Pell Grant entitlement, which was written to take effect after the expiration of the Budget Enforcement Act of 1990, provides for no such offset.

As currently written, the bill calls for a phase-in of a Pell Grant entitlement—beginning with a requirement that funds be borrowed against the following year's appropriation in the event of a shortfall in FY 1995 or FY 1996. This forced borrowing provision would produce much the same effect as granting entitlement status to the Pell Grant program. The program would become a full-blown entitlement in FY 1997.

Without doubt, Pell Grants offer an important source of support for students seeking access to postsecondary education. Students are now having to place greater reliance on loans rather than grants, and the educational purchasing power of the maximum Pell Grant has declined over the past several years.

We understand and share the frustration that Pell Grant appropriations have not grown more rapidly. At the same time, we feel strongly that Congress—with or without a budget agreement—is not in a position to create any more entitlement programs, no matter how worthy any particular program might be.

There are several reasons why creating a new entitlement program would be a great mistake:

First, entitlement spending is "uncontrollable." Once the rules are set, we are committed to paying out the full amounts promised to those who meet the qualifications. This is an obligation we must honor, whether or not we have the necessary funds on hand. Already, over half of the entire Federal budget falls in the uncontrollable category.

To the extent that entitlement spending is controllable at all, it is through the budget reconciliation process—where, in the confines of a week or two, we have to face making major programmatic changes to come up with required budget savings. This is a process which leaves institutions and individuals in a constant state of flux, lends itself to mistakes and unanticipated consequences, and gives greater weight to short-term budget considerations than to long-term policy interests.

Second, entitlement spending limits our options for addressing other critical areas of national need. Nearly all of the programs under the jurisdiction of the Labor and Human Resources Committee must compete for an ever dwindling share of the discretionary funding pot. These include programs dealing with public health, biomedical research, needy children and their families, pre-school programs, elementary and secondary education, workplace safety, alcohol and drug-abuse, the disabled, and job training and placement.

Finally, in the absence of some kind of offset—either from reduced spending in other areas or from increased taxes—new entitlement spending adds directly to the national debt. With a total Federal debt of over $3.6 trillion and a current Federal deficit of $268 billion, now is not the time for such a change. No offset to the additional Pell Grant entitlement spending is provided in S. 1150.

Increasing the national debt has serious consequences. First of all, it puts an even greater share of our annual budget "off limits" through increased payments for interest on that debt. In the past decade alone, interest payments on the national debt have increased from just under 10 percent to 14 percent of the budget. Payments of net interest on the debt in the fiscal year 1992 budget will reach $206 billion.

Perhaps even more serious, however, are the long-term consequences of our continuing to spend money that we don't have. Quite simply, we are mortgaging the future of the very people whom the Pell entitlement is intended to help. When the time comes to pay up, it will be our children and grandchildren who will be stuck with the tab. And they will pay not only with higher taxes but also with a diminished quality of life.

We hope that it will be possible to offer more generous support to the Pell Grant program in the future and that the many important improvements made by this legislation will encourage the appropriations committees to move in this direction. We want to express in the strongest possible terms that we believe it is a serious mistake to commit money we don't have and then send the bill to our children.

THAD COCHRAN.
DAN COATS.
ORRIN HATCH.
NANCY LANDON KASSEBAUM.
STROM THURMOND.

IX. MINORITY VIEWS OF SENATORS DURENBERGER AND SIMON

The Committee appears to be in agreement that Federal higher education programs increasingly are neglecting the average, middle-class American family, thus limiting institutional, career and family choices. An ABC poll recently showed that financing higher education was the third greatest fear of the American public behind drugs and crime. These fears are real and underscored by the most recent College Board annual report that reported that despite low inflation rates, college costs rose this year by 12% for public institutions and 13% for private institutions. This marked the first double digit inflation increase in almost a decade.

American families are getting squeezed out as federal financial aid fails to keep pace with rising college costs. Since the 1970's, Pell grant funding has declined as a percentage of overall federal funding as federal funding has shifted to loans which are able to leverage an additional $7 billion in private financing. In the 1970's Pell grants paid 46% of the cost of attendance, today it pays 30%.

At the same time, economic pressures are demanding a more highly educated workforce. Individuals between 25 and 34 a two year associate degree will earn on the average 40% more than those with a high school diploma. This increases to a 63% increase for individuals with a bachelor's degree. Lack of access is a significantly barrier that threatens to turn the clock back on equal opportunity for all Americans and leads to disparities in class structure.

The question that the Committee faces is: How can we best ensure that all Americans have access to a higher education as we enter the 21st century? The Committee has chosen to expand aid by making adjustments in the current programs. Having listened to the testimony and to parents and students in our home states, however, we are not convinced that the current system is capable of serving the needs of today's and tomorrow's students. We believe that it is appropriate to more closely examine how we finance student financial aid, and to seriously consider fundamental reform.

The federal student loan program is suffering from huge losses, complexity, waste and inequalities. These deficiencies have significantly restricted access and increased the federal cost of higher education in this country. The current system spends billions of dollars each year on administrative costs, overhead and red tap. In 1989, the federal government paid $1.8 billion to lenders in interest benefits (part of it for in-school interest) and an additional $1.3 billion in special allowance fees to entice lenders into the system and ensure access for all eligible students. In addition, the federal government paid $1.9 billion to guarantee agencies for reinsurance claims. The Congressional Budget Office has estimated that total subsidies combined translate into a 25 percent federal subsidy of the GSL program. This amounts to billions of dollars that goes to institutions, not to students.

The rising default rates have also threatened program integrity and lead to waste of scarce federal resources. Stafford loan defaults are estimated to reach $3.9 billion in FY 1991. Something is seriously wrong with a program that spends half of its total costs on default payments.

An analysis of the current program by David Breneman of the Brookings Institution led him to conclude that "no one starting from scratch would intentionally design what we have today."

It is our feeling that fundamental change is needed to meet the needs of the 21st century. We are not convinced that S. 1150 provides that type of underlying reform. S. 1150 tinkers around the edges, but does not get at the root of the problems in the financial aid system. We are pleased that S. 1150 opens the financial aid system to more students, but we are concerned that it does so at great costs to students and parents. The expansions are paid for by new fees on supplemental and parental loans, and by a higher initial interest rate on the subsidized Stafford program. A report from the U.S. General Accounting Office, considered for the first time in testimony before the Committee on the evening before the markup, indicates that structural reform could save enough funds to eliminate the $1 billion-plus that students currently pay in fees. But instead, the Committee bill locks in the current system for 7 years, bringing us to the year 2000 without fundamental reform.

We have introduced the Federal Aid for All Students Act of 1991, S. 1845, that proposes to restructure the federal student loan program and use the savings produced by this proposal to increase grant funding for the most needy students and students who demonstrate meritorious achievement.

Under our proposal, the guaranteed student loan program (except the PLUS program) would be replaced with a new IDEA Credit available to all students regardless of family income at the time of the loan. Repayment of loans would be made through the tax system and would be based on income. This program has three major advantages. First, it is simpler and cheaper to administer for both the school and the government. Second, it addresses the problem of debt burden forcing students to choose a higher-paying profession over their chosen field—so that a doctor can afford to work in an inner-city clinic, or a scientist can teach at a high school. Third, by collecting payments through the income tax system, it virtually assures that those who can pay, do pay.

The concept of income-contingent repayment is also included in three other bills introduced in the Senate: S. 1414 by Senator Akaka; S. 1645 by Senators Durenberger, Fowler, and D'Amato; and S. 1562 by Senator Bradley, cosponsored by Senators Bingaman, Lieberman, Daschle, Conrad, Sanford, Robb, Reid, and Cranston.

Replacing the current guaranteed student loan program would save an estimated $2.0–$2.7 billion. This money is shifted back into grants for students in greatest need and to students showing exceptional scholarship, and a new early intervention program for at-risk youth. The additional funding for the Pell grant program is estimated to increase participation by 470,000 students.

The Committee held a hearing on S. 1845 one day before the mark-up of S. 1150. The Committee has not had ample time to study this and other proposals seeking to improve the student aid program system through structural reform. We believe S. 1845 offers a solid reform proposal and we would encourage the Committee to look closely at it before consideration of S. 1150 on the Senate Floor.

S. 1845 increases access to higher education for all Americans. We realize that this is a far-reaching proposal. It is controversial. It confronts powerful special interests. It challenges deep-seated ideology. But the system we have now will not serve Americans into the 21st century.

Paul Simon.
Dave Durenberger.

X. Changes in Existing Law

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Higher Education Act of 1965

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[TITLE I—POSTSECONDARY PROGRAMS FOR NONTRADITIONAL STUDENTS]

TITLE I—POSTSECONDARY IMPROVEMENT AND COMMUNITY SERVICE

* * * * * * *

[Part A—Program and Planning Grants

[institutional development

[Sec. 111. (A) **Purpose**.—It is the purpose of this section—

[(1) to assist eligible institutions to establish programs relating postsecondary education resources more closely to the continuing educational training needs of the American work force;

[(2) to help strengthen the capacity of postsecondary institutions to respond to the continuing education needs of adults, especially adults—

[(A) dislocated by technological and economic change,

[(B) seeking entry, reentry, or progression in the work force after prolonged absences due to marriage and childrearing;

[(C) isolated from educational resources due to age or geographic location;

[(D) seeking entry into nontraditional occupations for their race or sex;

[(E) receiving aid to families with dependent children;

[(F) who are functionally illiterate; and

[(G) who desire to pursue a new career; and

[(3) to support cooperative arrangements between eligible institutions, community-based organizations, and private and public sector employers that will facilitate meeting the goals of paragraphs (1) and (2).

[(b) **Grants**.—To carry out the purpose of this section, the Secretary shall make grants to, and enter into contracts with, eligible institutions for activities, such as—

[(1) structuring an academic program designed to facilitate the attendance of working students, parents caring for dependent children, and individuals seeking to reenter the educational system;

[(2) making academic programs available to adult learners at convenient times and locations;

[(3) the encouragement of resource sharing for innovative uses of technology, including telecommunications (on an interstate or intrastate basis) to overcome barriers to continuing education opportunities and to develop innovative delivery systems for education programs;

[(4) the creation or expansion of education programs and curriculum, including adult literacy efforts, designed to meet the present and future needs of the labor market;

[(5) the development of cooperative relationships between business and labor organizations, community-based organizations, and agencies which provide opportunities for continuing education;

[(6) the removal of barriers posed by previous education or training, age, sex, race, handicap, national origin, rural isolation, or economic circumstance which may place adults at a disadvantage in seeking continuing educational opportunities;

[(7) educational information, including literacy information, student financial assistance information, and occupational information and counseling services designed to meet the special needs of adequately served adults and to assist their entry or reentry into continuing education and the labor force;

[(8) training for administrators, faculty, and staff to improve their ability to teach and serve adult learners, and

[(9) development of remedial instruction programs for adult learners to enable them to enroll in college-level educational programs.

[(c) ADDITIONAL USE OF FUNDS.—(1) Funds awarded under this section to any eligible institution shall be used for the purposes under subsection (b), except that, to a limited extent as approved by the Secretary, such funds may also be used for program planning and development to carry out the purposes of this section including—

[(A) making adult and continuing educational opportunities available at convenient times and locations, including off-campus locations;

[(B) evaluating the responsiveness of continuing education programs to the work and career-related objectives of adults;

[(C) developing or expanding educational and occupational information and counseling services to meet the special needs of adults, including information concerning available forms of student financial assistance;

[(D) training of personnel in continuing education programs to improve their ability to serve adult learners;

[(E) developing or expanding high-technology delivery systems and curricula to ensure closer development and career transitions for adult learners;

[(F) joint planning and implementation activities between institutional and private sector representatives to expand educational opportunities;

[(G) promoting the sharing of personnel and resources between an eligible institution and an employer;

[(H) contributing to dependent care programs for low income participants in adult and continuing education and the development of dependent care programs; and

[(I) encouraging and developing collaborative efforts between the institution or institutions and combinations of education institutions, private and public institutions, organizations, business, and labor to develop programs responsive to current employment and economic conditions.

[(2) Funds made available under this section may not be used—

[(A) to purchase or rent facilities to be used in connection with the program or for general operational overhead of the eligible institution; or

[(B) to pay stipends or provide direct financial assistance to any individual participating in the programs established under this section.

[(d) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution may submit an application to the Secretary at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate the need for assistance. The Secretary shall make awards on a competitive basis.

[(2) Each such application shall—

[(A) provide evidence that the eligible institution has identified the educational needs of potential adult learners in the area served by the applicant, especially adults identified in subsection (a)(2);

[(B) describe the current continuing education program offered by the eligible institution (including information concerning the professional competence of faculty and staff, their degree of participation in the continuing education program, and institutional resources committed to the continuing education program) and the activities proposed to be developed or assisted to meet the purposes of this section;

[(C) provide assurance that Federal funds made available under this section will comprise not more than 87.5 percetn of the cost of the program in the second year, and 75 percent in the third year;

[(D) describe procedures for evaluating the effectiveness of the activities for which a grant or contract is awarded under this section;

[(E) provide for such financial controls and accounting procedures as are necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section and to ensure that funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this section and in no case supplant those funds;

[(F) provide assurances that the continuing education programs, services, and activities, funded under this section will not be limited to individuals who are enrolled in programs of study that lead to baccalaureate or graduate degrees, but will also include progrms for adults enrolled in noncredit continuing education programs, that address the purposes of this section;

[(G) provide assurances that the program funded under this section does not duplicate existing State funded programs, and, in the case of any public institution, that the proposed program is consistent with the State's goals for that institution;

[(H) provide the projected number of students who will participate in the program and the proposed operational budget for the program, including the specific amounts proposed to be expended for salaries;

[(I) include assurances that the applicant intends to continue the activities to be supported under the grant after termination of the grant, including a detailed plan for obtaining funds to continue such activities;

[(J) provide assurances that funds made available under this section will be used only for the purposes of this section;

[(K) provide for a reasonable period of review and comment on the proposed program by the appropriate State agency and include any such comments with the application to the Secretary; and

[(L) includes such other information as the Secretary may reasonably require to carry out the provisions of this section.

[(3) In awarding grants or contracts the Secretary shall give priority consideration to eligible institutions which—

[(A) as appropriate, include area employer and employee organizations in the planning of the proposed continuing education activity and provide assurances of the continued participation of such organizations in the implementation, operation, and evaluation of the funded activities;

[(B) include assurances that the appropriate State agencies concerned with postsecondary education and State labor market and economic agencies have been consulted in the development of the proposal;

[(C) demonstrate a willingness to conduct and integrate into the curriculum work-oriented professional and technical continuing education programs;

[(D) demonstrate the capacity to obtain contributions of staff, equipment, and resources for such programs from nonacademic sources, particularly employers; and

[(E) provide assurances that adults enrolled in such programs will have access to suitable and adequate financial assistance opportunities, including Federal student aid funds available for students enrolled less than half time.

[ESTABLISHMENT OF OFF-CAMPUS PROGRAM GRANTS

[SEC. 112. (a) PURPOSE; OFF-CAMPUS EDUCATION PROGRAMS.—The Secretary shall establish a grant program to assist postsecondary institutions in developing programs to encourage the establishment and growth of off-campus educational programs.

[(b) USES OF FUNDS.—Grants made under this section to any institution may be used for planning, developing, or operating a program designed by the institution to carry out the purposes of this section including—

[(1) the development and use of high-technology educational delivery systems using computers, radio, television, teleconferencing, video-disc, print, any combination of such components, or such other means as may provide direct use and access by individuals to off-campus programs;

[(2) the development of interstate educational delivery systems, cooperative, and consortia arrangements and programs (including telecommunications) which more effectively address regional needs for education;

[(3) training of faculty and staff to develop educational programs using creative and innovative delivery systems;

[(4) development of technological systems designed to enhance the teaching capabilities of faculty for students off-campus;

[(5) the development of curricula and student support services for student off-campus; and

[(6) acquisition (by lease or purchase) of necessary equipment, except that not more than 10 percent of such funds may be used for such acquisition.

[(c) APPLICATION FOR ASSISTANCE.—(1) Any eligible institution requesting assistance under this section shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be required by the Secretary. The Secretary shall make awards on a competitive basis taking into consideration the relative cost and effectiveness of the proposed program.

[(2) An institution, in its application for a grant, shall—

[(A) describe a program for establishing or improving delivery systems for students off-campus which shall include (i) the proposed operational budget for the program or activities to be conducted with funds received under the grant; (ii) the educational program or courses which would be made available off-campus; and (iii) the educational needs which the program is designed to address;

[(B) describe the applicant's current off-campus program or plans for an off-campus program;

[(C) provide for such financial control and accounting procedures as may be necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section;

[(D) set forth policies and procedures to ensure that Federal funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of this section and in no case supplant those funds;

[(E) provide assurances that Federal funds made available under this section will comprise not more than 87.5 percent of the cost of the program in the second year, and 75 percent in the third year;

[(F) set forth policies and procedures for evaluating the effectiveness of the institution in accomplishing the purposes of the activities for which a grant is awarded under this section; and

[(G) provide such other information as the Secretary may require.

[(3) Funds made available under this section to any institution may not be used for rent or the purchase of facilities to be used in connection with the program, for general operational overhead of the institution or combination of institutions, or for salaries or stipends to students participating in the program.

[ADULT AND CONTINUING EDUCATION STAFF DEVELOPMENT

[SEC. 113. (a) PURPOSE.—It is the purpose of this section to assist eligible institutions to provide in-service training to individuals involved in providing adult and continuing education services, including personnel involved in training offered under the Adult Education Act, the Job Training Partnership Act, the Carl D. Perkins Vocational Educational Act, the Rehabilitation Act of 1973, the National Apprenticeship Act, the Older Americans Act of 1965, and the Social Security Act.

[(b) GRANTS AUTHORIZED.—To carry out the purpose of this section, the Secretary shall make grants to eligible postsecondary institutions that have entered into agreements with the Secretary to carry out an adult and continuing education staff development training program in accordance with the requirements of this section, which may include—

[(1) programs designed to enhance the pedagogical skills of the staff involved in programs offering adult and continuing education, including the training of staff and volunteers for literacy programs;

[(2) technical assistance to programs of adult education, with particular emphasis on federally funded programs; and

[(3) development of adult and continuing educational curricula materials, including adult literacy curricula, that may be used in adult and continuing education staff development training, especially materials that focus on utilization of new technologies.

[(c) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution requesting assistance under this section shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be required by the Secretary. The Secretary shall make awards on a competitive basis taking into consideration the relative cost and effectiveness of the proposed program.

[(2) An institution, in its application for a grant, shall—

[(A) describe a proposal for establishing or improving staff development programs including the proposed operational budget for the program or activities to be conducted with funds made available under this section;

[(B) describe the applicant's current staff development program;

[(C) provide for such financial control and accounting procedures as may be necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section;

[(D) set forth policies and procedures to ensure that Federal funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would other wise be made available for the purposes of this part and in no case supplant those funds;

[(E) set forth policies and procedures for evaluating the effectiveness of the institution in accomplishing the purposes of the activities for which a grant is awarded under this section; and

[(F) provide such other information as the Secretary may require.

[(3) Funds made available under this section to any institution may not be used for rent or the purchase of facilities to be used in connection with the program, for general operational overhead of the institution or combination of institutions, or for salaries or stipends to students participating in the program.

[(4) A grant under this section may not exceed $50,000 for any fiscal year and may be awarded for a period not to exceed 3 years.

[ADMINISTRATION OF PROGRAMS BY THE SECRETARY

[SEC. 114. The Secretary shall ensure the equitable geographic distribution of funds under this part. In making awards under this part, the Secretary shall consider the equitable levels of funding for urban and rural areas. Grants and contracts under section 111 or 112 may be awarded for a period not to exceed 3 years and may not exceed $100,000 in the first year of funding, except that a grant or contract involving combinations of institutions of higher education or a consortia with other institutions or organizations may not exceed $150,000 in the first year.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 115. There is authorized to be appropriated to carry out this part $10,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. One hundred percent of the funds appropriated under this section for fiscal year 1987 shall be available only to carry out sections 111 and 112.

[PART B—NATIONAL PROGRAMS

[ADULT LEARNING RESEARCH

[SEC. 121. (a) ESTABLISHMENT OF PROGRAM.—To carry out the purpose of this section by providing assistance to institutions of higher education, the Secretary is authorized to make grants to, and to enter into contracts with, eligible institutions to ensure a sustained capacity to undertake independent research and research application activities in adult and continuing education.

[(b) USES OF FUNDS.—Funds made available under this section to any eligible institution may be used for planning, developing, or operating a program which may include—

[(1) identifying and analyzing the special problems and needs of adult learners;

[(2) collecting, analyzing, and disseminating information relating to adult learners and their educational and employment objectives, with particular focus on analyzing and disseminating information on the current and projected needs of the labor market;

[(3) examining and applying uses of education technologies to reach new and isolated learners;

[(4) collecting and disseminating relevant data from Federal agencies and other national and State resources applicable to postsecondary institutional planning for continuing education, including information related to Federal and other forms of student financial assistance;

[(5) supporting training programs designed to enhance the effectiveness of faculty to teach adult learners;

[(6) developing curriculum and instructional methods for adults seeking new employment opportunities;

[(7) demonstrating and disseminating new and existing programs designed for the adult learner; and

[(8) promoting resources sharing for innovative uses of technology, including telecommunications, to overcome barriers to postsecondary educational opportunities.

[(c) APPLICATION FOR ASSISTANCE.—A grant or contract authorized by this part may be awarded by the Secretary on a competitive basis upon receipt of an application, which is submitted to the Secretary at such time or times and contains such information as the Secretary may prescribe. Each such application shall—

[(1) contain provisions that demonstrate the existing resources and academic reputation of the institution of higher education in the field of continuing education and its ability to conduct such activities; and

[(2) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal Funds paid to the applicant under this part.

[AUTHORIZATION LIMITATION

[SEC. 122. No funds are authorized to be appropriated for the purpose of this part for fiscal year 1987 and the 4 succeeding fiscal years.

[PART C—THE NATIONAL ADVISORY COUNCIL ON CONTINUING EDUCATION

[NATIONAL ADVISORY COUNCIL ON CONTINUING EDUCATION

[SEC. 131. (a) ESTABLISHMENT AND COMPOSITION.—The President shall appoint a National Advisory Council on Continuing Education consisting of 8 representatives of Federal agencies having postsecondary continuing education and training responsibilities, including, but not limited to—

[(1) one representative each from—

[(A) the Department of Education,

[(B) the Department of Agriculture,

[(C) the Department of Defense,

[(D) the Department of Labor, and

[(E) the Veterans' Administration; and

[(2) 12 members, not full-time employees of the Federal Government, who are knowledgeable and experienced in the field of continuing education, including State and local government officials, representatives of business, labor, and community groups, and adults whose educational needs have been inadequately served.

The Advisory Council shall meet at the call of the Chairman but not less than twice a year.

[(b) ADVISORY FUNCTIONS.—The Advisory Council shall advise the Secretary in the preparation of general regulations and with respect to policies and procedures arising in the administration of this Act with respect to continuing education.

[(c) FUNCTIONS RELATING TO ELIMINATING DUPLICATION.—The Advisory Council shall examine all federally supported continuing education and training programs and make recommendations with regard to policies to eliminate duplication and to effectuate the coordination of programs under this Act with respect to continuing education and other federally funded continuing education and training programs and services.

[(d) REPORTS.—The Advisory Council shall make annual reports to the President, the Congress, and the Secretary of its findings and recommendations, including recommendations for changes in the provisions of this Act with respect to continuing education and other Federal laws relating to continuing education and training activities. The President shall transmit each such report to the Congress with his comments and recommendations. The Advisory Council shall make such other reports or recommendations to the President, the Congress, the Secretary, or the head of any other Federal department or agency as may be appropriate.

[(e) USE OF SERVICES.—The Advisory Council may utilize the services and facilities of any agency of the Federal Government as may be necessary. The Advisory Council may accept, employ, and dispose of gifts or bequests to carry out its responsibilities under this section.

[PART D—STUDENT LITERACY CORPS

[SEC. 141. PURPOSE.

[It is the purpose of this part to provide financial assistance to institutions of higher education to promote the development of literacy corps programs to be operated by institutions of higher education in public community agencies in the communities in which such institutions are located.

[SEC. 142. LITERACY CORPS PROGRAM.

[From the amount appropriated pursuant to section 146 for any fiscal year, the Secretary is authorized, in accordance with the provisions of this part, to make grants to institutions of higher education for not to exceed 2 years to carry out literacy corps programs.

[SEC. 143. USES OF FUNDS.

[(a) In General.—Funds made available under this part may be used for—

[(1) grants to institutions of higher education for—

[(A) the costs of participation of institutions of higher education in the literacy corps program for which assistance is sought; and

[(B) stipends for student coordinators engaged in the literacy corps program for which assistance is sought; and

[(2) technical assistance, collection and dissemination of information, and evaluation in accordance with section 145.

[(b) Limitations.—(1) No grant under this part to an institution of higher education may exceed $50,000.

[(2) No institution of higher education may expend more than $25,000 of a grant made under this part in the first year in which the institution receives such a grant.

[SEC. 144. APPLICATIONS.

[(a) Application Required.—Each institution of higher education desiring to receive a grant under this part shall submit an application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(b) Contents of Applications.—Each such application shall—

[(1) contain assurances that the institution will use the grant in accordance with section 143;

[(2) contain adequate assurances that—

[(A) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training or undergraduate students in various academic departments such as social sciences, economics, and education with experience as tutors;

[(B) such individuals will be required, as a condition of receiving credit in such course to perform not less than 60 hours of voluntary, uncompensated service during the academic term in a public community agency as a tutor in such agency's educational or literacy programs;

[(C) such tutoring service will be supplementary to the existing instructional service offered in a structured classroom setting, and furnishing under the supervision of qualified personnel; and

[(D) the institution will locate such tutoring services in one or more public community agencies which serve educationally or economically disadvantaged individuals and, as provided in section 146, will give priority in providing tutoring services to—

[(i) educationally disadvantaged students receiving services under chapter 1 of title I of the Elementary and Secondary Education Act of 1965; and

[(ii) illiterate parents of educationally or economically disadvantaged elementary school students, with special emphasis on single-parent households; and

[(3) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subtitle, in community service activities, including—

[(A) the use of a portion of its allotment under part C of title IV of the Higher Education Act of 1965 for work study for community service learning under section 443(b)(2)(A); or

[(B) the conduct of a cooperative education program; and

[(4) contain such other assurances as the Secretary may reasonably require.

[(c) Waiver.—The Secretary may, upon request of an institution of higher education which does not meet the requirements of clause (3) of subsection (b), grant a waiver of the requirement under such clause if the institution of higher education provides assurances that—

[(1)(A) the institution of higher education has conducted another significant program which involves community outreach and service, or

[(B) its failure to engage in community service related programs or activities prior to making application under this part will not impede the ability of the institution to engage in the outreach efforts necessary to carry out the requirements of this part; and

[(2) the institution will use a portion of its allotment under part C of title IV of the Higher Education Act of 1965 for community service learning programs pursuant to section 443(b)(2)(A) of that Act if the institution receives an allotment under such part C.

An institution of higher education may apply for a waiver as part of the application described in subsection (b).

[SEC. 145. TECHNICAL ASSISTANCE AND COORDINATION CONTRACT.

[To the extent that the funds are available therefor pursuant to section 146, the Secretary may, directly or by way of grant, contract, or other arrangement—

[(1) provide technical assistance to grant recipients under this part;

[(2) collect and disseminate information with respect to programs assisted under this part; and

[(3) evaluate such programs and issue reports on the results of such evaluations.

[SEC. 146 AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out the provisions of this part $10,000,000 for fiscal year 1991.

[SEC. 147. DEFINITIONS.

[For the purpose of this part—

[(1) the term "public community agency" means an established community agency with an established program of instruction such as elementary and secondary schools, Head Start centers, prisons, agencies serving youth, and agencies serving the handicapped, including disabled veterans;

[(2) the term "institution of higher education" has the same meaning given that term by section 1201(a) of the Higher Education Act of 1965; and

[(3) the term "Secretary" means the Secretary of Education.]

PART A—INSTITUTIONAL ASSISTANCE

Subpart 1—Fund for the Improvement of Postsecondary Education

SEC. 111. FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

The Secretary is authorized to make grants to, or enter into contracts with, institutions of postsecondary education or combinations of such institutions and other public and private nonprofit institutions and agencies to enable such institutions and combinations of such institutions to improve postsecondary education opporutunities by—

(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

(2) the creation of institutions and programs involving new paths to career and professional training, and new combinations of academic and experiential leaning;

(3) the establishment of institutions and programs based on the technology of communications;

(4) the carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;

(5) the design and introduction of cost-effective methods of instruction and operation;

(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;

(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; and

(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

SEC. 112. NATIONAL BOARD OF THE FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

(a) ESTABLISHMENT.—There is established a National Board of the Fund for the Improvement of Postsecondary Education (hereafter in this subpart referred to as the "Board"). The Board shall consist of 15 members appointed by the Secretary for overlapping 3-year terms. A majority of the Board shall constitute a quorum. Any member of the Board who has served for 6 consecutive years shall thereafter be ineligible for appointment to the Board during a 2-year period following the expiration of such sixth year.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Secretary shall designate one of the members of the Board as Chairman of the Board. A majority of the members of the Board shall be public interest representa-

tives, including students, and a minority shall be educational representatives. All members selected shall be individuals able to contribute an important perspective on priorities for improvement in postsecondary education and strategies of educational and institutional change.

(2) Appointment of director.—The Secretary shall appoint the Director of the Fund for the Improvement of Postsecondary Education.

(c) Duties.—The Board shall—

(1) advise the Secretary and the Director of the Fund for the Improvement of Postsecondary Education on priorities for the improvement of postsecondary education and make such recommendations as the Board may deem appropriate for the improvement of postsecondary education and for the evaluation, dissemination, and adaptation of demonstrated improvements in postsecondary educational practice; and

(2) advise the Secretary and the Director of the Fund on the operation of the Fund, including advice on planning documents, guidelines, and procedures for grant competitions prepared by the Fund.

(d) Information and Assistance.—The Director of the Fund shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

SEC. 113. ADMINISTRATIVE TECHNICAL PROVISIONS.

(a) Technical Employees.—The Secretary may appoint, for terms not to exceed 3 years, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not more than 5 technical employees to administer this subpart who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(b) Procedures.—The Director of the Fund shall establish procedures for reviewing and evaluating grants and contracts made or entered into under this subpart. Procedures for reviewing grant applications or contracts for financial assistance under this section may not be subject to any review outside of officials responsible for the administration of the Fund for the Improvement of Postsecondary Education.

SEC. 114. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for the 6 succeeding fiscal years to carry out this subpart.

Subpart 2—Innovative Programs at Institutions of Higher Education

SEC. 115. PROGRAM AUTHORIZED.

(a) Grants Authorized.—

(1) Grants by the secretary.—In any fiscal year in which the appropriations for this subpart are less than $10,000,000, the Secretary is authorized to award grants to State higher education agencies to pay the Federal share of the cost of the activi-

ties described in the application submitted pursuant to section 118.

(2) State grant program.—In any fiscal year in which the appropriations for this subpart equals or exceeds $10,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to State educational agencies from allocations under section 116 to enable such agencies to pay the Federal share of the cost of the activities described in the application submitted pursuant to section 118.

(3) Federal share.—The Federal share shall be 50 percent.

(4) Competitive basis.—The Secretary shall award grants pursuant to paragraph (1) on a competitive basis.

(5) Definitions.—For the purposes of this subpart the term "State higher education agency" means the officer or agency primarily responsible for the State supervision of higher education.

(b) Special Rule.—In awarding grants under this subpart, the Secretary shall ensure the equitable participation of public and private institutions of higher education in the program assisted under this subpart.

SEC. 116. ALLOCATION.

Each State higher education agency shall be eligible to receive a grant pursuant to section 115(a)(2) in each fiscal year that bears the same ratio to—

(1) 50 percent of the amount appropriated pursuant to section 119 as the population in the State served by such State higher education agency bears to the total population of all States served by all State higher education agencies; and

(2) 50 percent of the amount appropriated pursuant to section 119 as the number of full-time State higher education agency bears to the total number of full-time equivalents of students in all States served by all State education agencies.

SEC. 117. AUTHORIZED ACTIVITIES.

Each State higher education agency receiving a grant under this subpart shall use such grant to fund innovative programs at institutions of higher education within the State.

SEC. 118. APPLICATION.

Each State higher education agency desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require. Such application shall describe the activities and services for which assistance is sought.

SEC. 119. AUTHORIZATION OF APPROPRIATIONS.

(a) In General.—There are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

(b) Limitation.—No funds are authorized to be appropriated to carry out this subpart in any fiscal year unless the amount appropriated to carry out subpart 1 in such fiscal year equals or exceeds $20,000,000.

PART B—COMMUNITY SERVICE PROGRAMS

Subpart 1—Innovative Projects for Community Service

SEC. 121. STATEMENT OF PURPOSE.

It is the purpose of this subpart to support innovative projects in order to encourage student participation in community service projects, including literacy projects.

SEC. 122. INNOVATIVE PROJECTS FOR COMMUNITY SERVICE.

(a) PROGRAM AUTHORIZED.—

(1) IN GENERAL.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to and enter into contracts with institutions of higher education (including combinations of such institutions) and with such other public agencies and nonprofit private organizations as the Secretary deems necessary for innovative projects designed to carry out the purpose of this subpart.

(2) PROJECTS.—The projects described in paragraph (1)—

(A) shall include supporting research regarding the effects of student community service organizations; and

(B) may include—

(i) providing assistance to student organizations that work with community service organizations;

(ii) supporting linkages between youth service and conservation corps and higher education institutions; and

(iii) supporting innovative international student service programs.

(b) APPLICATIONS.—No grant may be made and no contract may be entered into under this section unless an application is made at such time, in such manner, and contained or accompanied by such information as the Secretary may require.

(c) APPLICABLE PROCEDURES.—

(1) PROCEDURES.—No application may be approved under subsection (b) unless the National Board of the Fund for Improvement of Postsecondary Education, under procedures established by the Director, approves the application.

(2) SPECIAL RULE.—The provisions of section 113(b) shall apply to grants made under this subpart.

(d) DEFINITION.—For the purpose of this subpart, the term "community service" means planned, supervised services designed to improve the quality of life for community residents, particularly community residents with low income, or to assist in the solution of particular problems related to the needs of such residents. Such services may address problems related to illiteracy, education (including tutorial services), health and child care, vocational rehabilitation and training, social and legal services, transportation, housing, and neighborhood improvement, public safety, crime prevention and control, recreation, rural development, and any other problem specified by the Secretary.

Subpart 2—Student Literacy Corps

SEC. 125. PURPOSE.

It is the purpose of this subpart to provide financial assistance to institutions of higher education to promote the development of literacy corps programs to be operated by institutions of higher education in public community agencies in the communities in which such institutions are located.

SEC. 126. STUDENT LITERACY CORPS PROGRAM.

From the amount reserved pursuant to section 131(b) for any fiscal year, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to institutions of higher education for not more than 2 years to carry out student literacy corps programs.

SEC. 127. USES OF FUNDS.

(a) IN GENERAL.—Funds made available under this subpart may be used for—

(1) grants to institutions of higher education for—

(A) the costs of participation of institutions of higher education in the student literacy corps program for which assistance is sought; and

(B) stipends for student coordinators engaged in the student literacy corps program for which assistance is sought; and

(2) technical assistance, collection and dissemination of information, and evaluation in accordance with section 129.

(b) LIMITATIONS.—

(1) AMOUNT.—No grant under this subpart to an institution of higher education may exceed $50,000.

(2) FIRST YEAR.—No institution of higher education may expend more than $25,000 of a grant made under this subpart in the first year in which the institution receives such a grant.

SEC. 128. APPLICATIONS.

(a) APPLICATION REQUIRED.—Each institution of higher education desiring to receive a grant under this subpart shall submit an application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

(b) CONTENTS OF APPLICATION.—Each such application shall—

(1) contain assurances that the institution will use the grant in accordance with section 127;

(2) contain adequate assurances that—

(A) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training of undergraduate students in various academic departments such as social sciences, economics, and education with experience as tutors;

(B) such individuals will be required, as a condition of receiving credit in such course, to perform not less than 60 hours of voluntary, uncompensated service during the academic term in a public community agency as a tutor in such agency's educational or literacy program;

(C) such tutoring service will be supplementary to the existing instructional services, offered in a structured classroom setting, and furnished under the supervision of qualified personnel; and

(D) the institution will locate such tutoring services in one or more public community agencies which serve educationally or economically disadvantaged individuals and will give priority in providing tutoring services to—

(i) educationally disadvantaged students receiving services under chapter 1 of title I of the Elementary and Secondary Education Act of 1965; and

(ii) illerate parents of educationally or economically disadvantaged elementary school students, with special emphasis on single-parent households;

(3) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subpart, in community service activities, including the conduct of a cooperative education program; and

(4) contain such other assurances as the Secretary may reasonably require.

(c) **WAIVER.—**

(1) **IN GENERAL.**—*The Secretary may, upon request of an institution of higher education which does not meet the requirements of paragraph (3) of subsection (b), grant a waiver of the requirement under such paragraph if the institution of higher education provides assurances that—*

(A) the institution of higher education has conducted another significant program which involves community outreach and service; or

(B) its failure to engage in community service-related programs or activities prior to making application under this subpart will not impede the ability of the institution to engage in the outreach efforts necessary to carry out the requirements of this subpart.

(2) **SPECIAL RULE.**—*An institution of higher education may apply for a waiver as part of the application described in subsection (b).*

SEC. 129. TECHNICAL ASSISTANCE AND COORDINATION CONTRACT.

To the extent that funds are available pursuant to section 131, the Secretary may, directly or by way of grant, contract, or other arrangement—

(1) provide technical assistance to grant recipients under this subpart;

(2) collect and disseminate information with respect to programs assisted under this subpart; and

(3) evaluate such programs and issue reports on the results of such evaluations.

SEC. 130. DEFINITIONS.

For the purpose of this subpart the term "public community agency" means an established community agency with an established program of instruction such as elementary and secondary schools, Head Start centers, prisons, agencies serving youth, and *agencies serving individuals with disabilities, including disabled veterans.*

Subpart 3—Authorization of Appropriations

SEC. 131. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for the 6 succeeding fiscal years to carry out this part.

(b) RESERVATION.—The Secretary shall reserve at least 50 percent of the funds appropriated pursuant to the authority of subsection (a) to carry out subpart 2 of this part.

TITLE II—ACADEMIC **[**LIBRARY AND INFORMATION TECHNOLOGY ENHANCEMENT**]** *LIBRARIES AND INFORMATION SERVICES.*

PURPOSE; AUTHORIZATION

SEC. 201. (a) The Secretary shall carry out a program to assist—

[(1) institutions of higher education in the acquisition of library resources, including law library resources, and in the establishment and maintenance of networks for sharing library resources in accordance with part A;**]**

[(2) in the training of persons in librarianship and to encourage research and development relating to the improvement of libraries (including the promotion of economical and efficient information delivery, cooperative efforts, and developmental projects) in accordance with part B;**]**

(1) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part A;

(2) in the education and training of persons in library and information science and to encourage research and development relating to improvement of libraries (including the promotion of economical and effective information delivery, cooperative efforts, and developmental projects) in accordance with part B;

(3) the Nation's major research libraries, in maintaining and strengthening their collections, and in making their holdings available to other libraries whose users have need for research materials, in accordance with part C**[**; and**]**.

[(4) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part D.**]**

(b)(1) There are authorized to be appropriated to carry out part A $10,000,000 for fiscal year **[**1987**]** *1993,* and such sums as may be necessary for each of the **[**4 succeeding**]** *6 succeeding* fiscal years.

(2) There are authorized to be appropriated to carry out part B **[**$5,000,000**]** *$7,500,000* for fiscal year **[**1987**]** *1993,* and such sums as may be necessary for each of the **[**4 succeeding**]** *6 succeeding* fiscal years.

(3) There are authorized to be appropriated to carry out part C **[**$10,000,000**]** *$15,000,000* for fiscal year **[**1987**]** *1993,* and such sums as may be necessary for each of the **[**4 succeeding**]** *6 succeeding* fiscal years.

[(4) There are authorized to be appropriated to carry out part D $5,000,000 for fiscal year 1987, and such sums as may be necessary for each of the 4 succeeding fiscal years.]

[(5) There are authorized to be appropriated to carry out the purposes of part D an additional $2,500,000 for fiscal year 1988 and such additional sums as may be necessary for each of the 3 succeeding fiscal years. Activities supported by funds appropriated pursuant to this paragraph shall be activities that will enable libraries to participate more fully in the initiative funded under the Education and Training for American Competitiveness Act of 1987.]

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SEC. 203. LIBRARY EXPERTS.

The Secretary shall make every effort to ensure that programs under this title are administered by appropriate library experts.

[PART A—COLLEGE LIBRARY RESOURCES

[COLLEGE LIBRARY RESOURCES

[SEC. 211. (a) From the amount appropriated for this part, the Secretary shall make grants to eligible institutions of higher education or combinations thereof (and to branches of institutions which are located in different communities from that in which its parent institution is located). The amount of a grant under this part shall not be less than $2,000 nor more than $10,000 and shall reflect the number of full-time equivalent students enrolled at the recipient institution. If the funds are not sufficient to provide grants to all eligible institutions, grants shall be made to those institutions demonstrating the greatest need, based on the eligibility criteria in section 211(c).

[(b) A grant under this part may be made only if the application provides—

[(1) information about the institution and its library resources as prescribed by the Secretary in regulations;

[(2) satisfactory assurance that the applicant has expended for all library materials (exclusive of construction) during the institutional fiscal year preceding the year of application for which the grant is sought (hereafter in this section referred to as the "base year"), from funds other than funds received under this part, an amount not less than the average annual aggregate amount or the average amount per full-time equivalent student it expended for such purposes during the two years preceding the base year;

[(3) for such fiscal control and fund accounting procedures as are necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part;

[(4) for making such reports as the Secretary may require, including a report on how such funds received under a grant were expended, and for keeping such records and for affording such access thereto as the Secretary deems necessary to assure the correctness and verification of such reports; and

[(5) a statement setting forth how the funds received under this part will be used to improve the quality of the institution's library services.

[(c) In order to be considered an eligible institution, an institution must provide the Secretary assurance that—

[(1) the expenditures of the institution per full-time equivalent student for library materials are less than the average of the expenditures for library materials per full-time equivalent student by other institutions of comparable size and program, as determined by the Secretary in accord with definitions established by the Center for Education Statistics; and

[(2) the number of volumes per full-time equivalent student is less than the average of such number of volumes held by institutions of comparable size and program, as determined by the Secretary in accord with definitions established by the Center for Education Statistics.

[(d) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent the applicant from making the assurance required by subsection (b)(2), the requirement for such assurance may be waived. For the purpose of this subsection, the term "very unusual circumstances" means theft, vandalism, fire, flood, earthquake, or other occurrence which may temporarily reduce the level of expenditures for library materials, or which resulted in unusually high expenditures for library materials.

[(e) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent an otherwise eligible institution from qualifying under subsection (c), the requirements of subsection (c) may be waived. The Secretary may not grant such waivers to more than 5 percent of the eligible institutions receiving grants under this part.

[(f) Grants under this part may be used only for books, periodicals, documents, magnetic tapes, computer software, phonographic records, audiovisual materials, and other related library materials (including necessary binding) and for the establishment and maintenance of networks for sharing library resources with other institutions of higher education.]

PART A—COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS

SEC. 211. COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS.

(a) Grants Authorized.—The Secretary is authorized to make grants for technological equipment, networking, and other special purposes to—

(1) institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, maintenance, or upgrading of technological equipment necessary to organize, access or utilize material in electronic formats and to participate in networks for the accessing and sharing of library and information resources;

(2) combinations of institutions of higher education which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment

for the accessing and sharing of library and information resources;

(3) other public and private nonprofit organizations (including public educational radio and television stations and program services in cooperation with libraries) which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve the services provided by such organizations to institutions of higher education; and

(4) institutions of higher education conducting research or demonstration projects that improve information services to meet special national or regional needs by utilizing technology to enhance library or information services such as through the National Research and Education Network.

(b) Award Basis.—Grants under this section shall be awarded on competitive basis.

(c) Amount.—

(1) In general.—The Secretary shall award grants under this section in an amount which is not less than $25,000.

(2) Special rule.—The Secretary shall award grants pursuant to paragraph (1) of subsection (a) in an amount which is not more than $50,000 for each institution of higher education.

(c) Priority.—In awarding grants pursuant to paragraph (1) of subsection (a), the Secretary shall give priority to institutions of higher education seeking assistance for projects which assist developing institutions of higher education in linking one or more institutions of higher education to resource sharing networks.

(e) Duration.—The Secretary shall award grants under this section for a period not to exceed 3 years.

(f) Application.—

(1) In general.—Each institution of higher education or consortium thereof desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

(2) Content.—Each application submitted pursuant to paragraph (1) shall—

(A) describe the activities and services for which assistance is sought; and

(B) contain assurances that such institution or consortium thereof in each fiscal year that a grant payment is received under this section shall provide matching funds equal to not less than one-third of the amount of such grant payment from sources other than funds received under this title.

(3) Criteria.—The Secretary shall prescribe criteria for the approval of applications submitted under this section.

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PART B—LIBRARY [TRAINING] EDUCATION, *RESEARCH, AND DEVELOPMENT*

GRANTS AUTHORIZED

SEC. 221. *(a) IN GENERAL.*—From the amounts appropriated for this part for any fiscal year, the Secretary shall make grants in accordance with sections 222 and 223. Of such amount, two-thirds shall be available for the purpose of section 222 and one-third shall be available for the purpose of section 223.

(b) CONSULTATION.—In awarding grants pursuant to this part, the Secretary shall consult with appropriate library and information science professional organizations to determine critical needs under section 222 and priorities for awarding grants under section 223.

LIBRARY [CAREER TRAINING] *EDUCATION AND HUMAN RESOURCE DEVELOPMENT*

SEC. 222. (a) The Secretary shall make grants to, and contracts with, institutions of higher education and library organizations or agencies to assist them in training persons in [librarianship] *library and information science, particularly in areas of critical needs such as recruitment and retention of minorities.* Such grants or contracts may be used by such institutions, library organizations, or agencies (1) to assist in covering the cost of courses of [training or] study *or staff development* (including short term or regular session institutes), (2) to establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows, [and other underground training] *who demonstrate need and are working toward a graduate degree* and their dependents, not in excess of such maximum amounts as may be determined by the Secretary, and (3) to establish, develop, or expand programs of library and information science, including new techniques of information transfer and communication technology.

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RESEARCH AND DEMONSTRATIONS

SEC. 223. The Secretary is authorized to make grants to, and *enter into* contracts with, institutions of higher education and other public or private agencies, institutions, and organizations for research and demonstration projects related to the improvement of libraries, [training in librarianship] *education in library and information science, enhancement of library services through effective and efficient use of new technology,* and for the dissemination of information derived from such projects.

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PART C—[STRENGTHENING] IMPROVING ACCESS TO *RESEARCH LIBRARY RESOURCES*

[ELIGIBILITY FOR ASSISTANCE] *IMPROVING ACCESS TO RESEARCH LIBRARY RESOURCES*

SEC. 231. (a)(1) * * *

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[(b) No institution receiving a grant under this part for any fiscal year may receive a grant under section 211 for that year.]

[(c)]*(b)* In determining eligibility for assistance under this part, the Secretary shall permit institutions that do not otherwise qualify to provide additional information or documents to demonstrate the national or international significance for scholarly research of the particular collection descibed in the grant proposal.

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[PART D—COLLEGE LIBRARY TECHNOLOGY AND COOPERATIVE GRANTS

[ESTABLISHMENT OF PROGRAM

[SEC. 241. (a) The Secretary is authorized to make grants for technological equipment and other special purposes to—

[(1) institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, installation, maintenance, or replacement of technological equipment (including computer hardware and software) necessary to participate in networks for sharing of library resources;

[(2) combinations of higher education institutions which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment;

[(3) other public and private nonprofit organizations which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve their services to institutions of higher education; and

[(4) institutions of higher education conducting research or demonstration projects to meet special national or regional needs in utilizing technology to enhance library or information sciences.

[(b) From funds appropriated for this part, the Secretary shall make competitive awards to institutions or combinations of institutions in each of the categories described in clauses (1) through (4) of subsection (a). The minimum award shall be $15,000 and may be expended over a 3-year period.

[(c) A grant under this section may be made only if the application (whether by an individual institution or a combination of institutions) is approved by the Secretary on the basis of criteria prescribed in regulations and provides satisfactory assurance that the applicant will expend during the 3-year period of which the grant is sought (from funds other than funds received under this title), for the same purpose as such grant, an amount from such other sources equal to not less than one-third of such grant.

[(d) This program shall be administered in the Department by an expert in library technology.]

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TITLE III—INSTITUTIONAL AID

FINDINGS AND PURPOSES

SEC. 301. (a) FINDINGS.—The Congress finds that—

(1) many institutions of higher education [in this era of declining enrollments and scarce resources] *serving high percentages of minority students and students from low-income backgrounds* face problems which threaten their ability to survive;

(2) the problems relate to the management and fiscal operations of certain institutions of higher education, as well as to an inability to engage in long-range planning, [recruitment activities,] and development activities, including endowment building.

* * * * * * *

[(5) providing a minimum level of assistance to all categories of eligible institutions will assure the continued participation of the institutions in the program established in title III and enhance their role in providing access and quality education to low-income and minority students;]

(5) providing assistance to eligible institutions will enhance the role of such institutions in providing access and quality education to low-income and minority students;

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PART A—STRENGTHENING INSTITUTIONS

PROGRAM PURPOSE

SEC. 311. (a) * * *

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SEC. 313. HISPANIC-SERVING INSTITUTIONS.

(a) PROGRAM AUTHORIZED.—The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic and other low-income students.

(b) DEFINITIONS.—For the purpose of this section—

(1) the term "Hispanic-serving institution" means an institution of higher education which—

(A) has a full-time student undergraduate enrollment that is at least 25 percent Hispanic;

(B) is duly accredited by an agency recognized for that purpose by the Secretary;

(C) has been so accredited for 3 of its previous 5 years;

(D) provides a 4-year program leading to a baccalaureate degree or a 2-year program leading to an associate's degree; and

(E) is a public or nonprofit private institution of higher education; and

(F)(i) has an enrollment of needy students as described in subsection (c) of section 312; or

(ii) provides assurances that—

(I) not less than 50 percent of its Hispanic students be low-income individuals who are first generation college students; and

(II) another 25 percent of its Hispanic students be either low-income individuals or be first generation college students;

(2) the term "first generation college student" means—

(A) an individual both of whose parents did not complete a baccalaureate degree; or

(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree; and

(3) the term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

(c) AUTHORIZED ACTIVITIES.—

(1) TYPES OF ACTIVITIES AUTHORIZED.—Grants awarded under this section shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs in any of the following areas:

(A) Purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes.

(B) Construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities.

(C) Faculty salaries and support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction.

(D) Curriculum development and academic instruction.

(E) Purchase of library books, periodicals, microfilm, and other educational materials.

(F) Funds and administrative management, and acquisition of equipment for use in strengthening funds management.

(G) Joint use of facilities such as laboratories and libraries.

(H) Academic tutoring and counseling programs.

(I) Transfer centers to support the development or expansion of centers designed to increase the transfer rate of underrepresented students from 2-year to 4-year institutions, which may include joint admissions programs, shared ad-

visement programs, and student transfer management information data systems.

(J) Academic partnership coalitions, including partnerships among colleges, elementary and secondary schools, community-based organizations, parents, and low-income students.

(K) Collaborative arrangements with nonprofit organizations or private sector business entities, in order to carry out the activities described in this subsection.

(d) Application Process.—

(1) Institutional eligibility.—Each Hispanic-serving institution desiring to receive assistance under this Act shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is a Hispanic-serving institution as defined in paragraph (1) of subsection (b), along with such other information and data as the Secretary may by regulation require.

(2) Applications.—Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the information and data submitted under paragraph (1)) may submit an application for assistance under this section to the Secretary. Such application shall include—

(A) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic and other low-income students at the collegiate and pre-collegiate levels;

(B) satisfactory evidence that such institution will, if provided with assistance, enter into a collaborative arrangement with at least one local educational agency to provide such agency with assistance in reducing Hispanic dropout rates, improving Hispanic rates of academic achievement, and increasing the rates at which Hispanic high school graduates enroll in higher education; and

(C) such other information and assurance as the Secretary may require.

(3) Approval.—The Secretary shall approve any application which meets the requirements of paragraph (1) and shall not disapprove any application submitted under this section, or any modification thereof, without first affording such institution reasonable notice and opportunity for hearing.

(e) Special Rule.—For the purposes of this section, no Hispanic-serving college or university which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B.

DURATION OF GRANT

SEC. **[**313.**]** *314.* (a) GENERAL RULE.—The Secretary may award a grant to an eligible institution under this part **[**for—

[(1) not to exceed 3 years;

[(2) not to exceed 4 years; or

[(3) not to exceed 5 years.**]** *for 3, 4, or 5 years.*

[(b) PROHIBITION.—An eligible institution that is awarded a grant—

[(1) under paragraph (2) of subsection (a) shall not be eligible to receive a grant under this part during the 4 years immediately following the period that it received such grant; and

[(2) under paragraph (3) of subsection (a) shall not be eligible to receive a grant under this part during the 5 years immediately following the period that it received such grant.]

(b) LIMITATIONS.—In awarding grants under this part the Secretary shall give priority to applicants who are not already receiving a grant under this part.

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APPLICATION REVIEW PROCESS

SEC. [314.] *315.* (a) REVIEW PANEL.—(1) * * *

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GRANTS TO INSTITUTIONS

SEC. 323. (a) * * *

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(2) Construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities, *including purchase or rental of telecommunications technology equipment or services.*

* * * * * * *

(5) Purchase of library books, periodicals, microfilm, and other educational materials, *including telecommunication program materials.*

* * * * * * *

(9) Establishing or improving a development office of strengthen or improve contributions from alumni and the private sector.

(10) Establishing or enhancing a program of teacher education designed to qualify students to teach in a public elementary or secondary school in the State that shall include, as part of such program, preparation for teacher certification.

(11) Other activities proposed in the application submitted pursuant to section 325 that—

(A) contribute to carrying out the purposes of this part; and

(B) are approved by the Secretary as part of the review and acceptance of such application.

(b) LIMITATIONS.—(1) * * *

* * * * * * *

(3) The Secretary shall not award a grant under this part for telecommunications technology equipment, facilities or services, if such equipment, facilities or services are available pursuant to section 396(k) of the Communications Act of 1934.

* * * * * * *

ALLOTMENTS TO INSTITUTIONS

Sec. 324. (a) * * *

* * * * * * *

(d) Minimum Allotment.—(1) Notwithstanding subsections (a), (b), and (c), the amount allotted to each part B institution under this section shall not be less than [$350,000] *$500,000.*

* * * * * * *

PROFESSIONAL OR GRADUATE INSTITUTIONS

Sec. 326. (a) * * *

* * * * * * *

[(e) Eligible Professional or Graduate Institutions.—Independent professional or graduate institutions eligible for grants under subsection (a) include—

[(1) Morehouse School of Medicine;
[(2) Meharry Medical School;
[(3) Charles R. Drew Postgraduate Medical School;
[(4) Atlanta University; and
[(5) Tuskegee Institute School of Veterinary Medicine.]

(e) Eligibility.—

(1) In general.—Independent professional or graduate institutions eligible for grants under subsection (a) include—

(A) Morehouse School of Medicine;
(B) Meharry Medical School;
(C) Charles R. Drew Postgraduate Medical School;
(D) Clark-Atlanta University;
(E) Tuskegee University School of Veterinary Medicine;
(F) Xavier University School of Pharmacy;
(G) Southern University School of Law;
(H) Texas Southern University School of Law or School of Pharmacy;
(I) Florida A&M University School of Pharmaceutical Sciences;
(J) North Carolina Central University School of Law; and
(K) Any other part B institution offering a professional or doctoral degree program that the Secretary determines is deserving of a grant under this section.

(2) Special rule.—Graduate institutions that were awarded grants prior to October 1, 1992 shall continue to receive such grant payments, regardless of the eligibility of the graduate institutions described in subparagraphs (F) through (K), until such grant period has expired or September 30, 1993, whichever is later.

(3) Limitation.—The Secretary shall not award more than 1 grant under this section in any fiscal year to any institution of higher education or university system.

(f) Funding Rule.—If the amount of funds appropriated to carry out the provisions of this section does not exceed $12,000,000, then such amount as does not exceed $12,000,000, shall be available to make grants in accordance with the provisions of this section to the

institutions described in subparagraphs (A) through (E) of subsection (e)(1).

* * * * * * *

PART C—*ENDOWMENT* CHALLENGE GRANTS FOR INSTITUTIONS ELIGIBLE FOR ASSISTANCE UNDER PART A OR PART B

ESTABLISHMENT OF CHALLENGE GRANT PROGRAM

[SEC. 331. (a) GENERAL AUTHORIZATION; ELIGIBILITY.—(1) From the sums available under section 360(a)(3) for each fiscal year, the Secretary may award a challenge grant to each institution—

[(A) which is an eligible institution under part A or would be considered to be such an institution if section 312(b)(1)(C) referred to a postgraduate degree rather than a bachelor's degree;

[(B) which is an institution under part B or would be considered to be such an institution if section 324 referred to a postgraduate degree rather than a baccalaureate degree; or

[(C) which is an institution that makes a substantial contribution to postgraduate medical educational opportunities for minorities and the economically disadvantaged.

[(2) The Secretary may waive the requirements set forth in subparagraphs (A) and (B) of paragraph (1) with respect to a postgraduate degree in the case of any institution otherwise eligible under such paragraph for a challenge grant upon determining that the institution makes a substantial contribution to medical education opportunities for minorities and the economically disadvantaged.

[(b) USES OF FUNDS.—A grant under this section may be used by an institution eligible for a grant under this section to assist the institution to achieve financial independence.

[(c) DURATION OF GRANT.—The Secretary may make a grant under this section for a period of not more than 5 years, subject to annual appropriations.

[(d) CONTENTS OF APPLICATIONS.—Any institution eligible for a challenge grant under this section may apply for such a grant under section 351, except that the application for the purpose of this part shall—

[(1) provide assurances that funds will be available to the applicant within one year to match funds that the Secretary is requested to make available to the institution as a challenge grant;

[(2) in the case of an application by a public institution, contain the recommendations of an appropriate State agency responsible for higher education in the State, or provide evidence that the institution requested the State agency to comment but the State agency failed to comment; and

[(3) demonstrate how challenge grant funds will be used to achieve financial independence.

[(e) NOTICE OF APPROVAL.—Not later than April 1 of the fiscal year preceding the fiscal year in which any grant is to be made under this section, the Secretary shall determine which institutions will receive challenge grants under such section and notify the institutions of the amount of the grant.

[(f) PREFERENCE.—In approving applications for such grants, preference shall be given to institution which are receiving, or have received, grants under part A or part B of this title.]

ENDOWMENT CHALLENGE GRANTS

SEC. [332] *331.* (a) PURPOSE; DEFINITIONS.—(1) The purpose of this section is to establish a program to provide matching grants to eligible institutions [of higher education] in order to establish or increase endowment funds at such institutions, to provide additional incentives to promote fund raising activities by such institutions, and to foster increased independence and self-sufficiency at such institutions.

(2) For the purpose of this section:

(A) * * *

* * * * * * *

(D)(i) The term "eligible institution" means an institution that is an—

(I) eligible institution under part A or would be considered to be such an institution if section 312(b)(1)(C) referred to a postgraduate degree rather than a bachelor's degree;

(II) institution eligible for assistance under part B or would be considered to be such an institution if section 324 referred to a postgraduate degree rather than a baccalaureate degree; or

(III) institution of higher education that makes a substantial contribution to postgraduate medical educational opportunities for minorities and the economically disadvantaged.

(ii) The Secretary may waive the requirements of subclauses (I) and (II) of clause (i) with respect to a postgraduate degree in the case of any institution otherwise eligible under clause (i) for an endowment challenge grant upon determining that the institution makes a substantial contribution to medical education opportunities for minorities and the economically disadvantaged.

(b) GRANTS AUTHORIZED.—(1) From sums available for this section under section 360, the Secretary is authorized to award challenge grants to eligible institutions [of higher education] to establish or increase an endowment fund at such institution. Such grants shall be made only to eligible institutions described in paragraph (4) whose applications have been approved pursuant to subsection (g).

* * * * * * *

[(B) In any fiscal year in which the appropriations for this part exceeds $10,000,000, the Secretary may make a grant under this part to an eligible institution of higher education if such institution—

[(i) has deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant; and

[(ii) applies for a grant in an amount exceeding $1,000,000.

(B) The Secretary may make a grant under this part to an eligible institution under the following circumstances:

(i) In any fiscal year in which the amount appropriated to carry out this part is less than $15,000,000, the institution—

(I) may apply for a grant in an amount not exceeding $500,000; and

(II) shall have deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant.

(ii) In any fiscal year in which the amount appropriated to carry out this part is equal to or greater than $15,000,000 but less than $25,000,000, the institution—

(I) may apply for a grant in an amount not exceeding $1,000,000; and

(II) shall have deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant.

(iii) In any fiscal year in which the amount appropriated to carry out this part is equal to or greater than $25,000,000, the institution may apply for a grant in an amount not to exceed $1,500,000 if such institution has deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant.

(C) *(i)* An eligible institution [of higher education] that is awarded a grant under this section shall not be eligible to reapply for a grant under this section during the [10] 5 years immediately following the period that it received such grant.

(ii) The provisions of clause (i) shall not apply to an eligible institution which received a grant under this section in an amount which is less than $1,000,000.

* * * * * * *

(4)[(A)] An institution of higher education is eligible to receive a grant under this section if it is an eligible institution as described in section 331(a)(1).

[(B)] *(A)* No institution shall be ineligible for a *endowment* challenge grant under this section for a fiscal year by reason of the previous receipt of such a grant but no institution shall be eligible to receive such a grant for more than 2 fiscal years out of any period of 5 consecutive fiscal years.

[(5) Except as provided in paragraph (2)(B), a challenge grant under this section to an eligible institution year shall—

[(A) Not be less than $50,000 for any fiscal year; and

[(B) not be more than (i) $250,000 for fiscal year 1987; or (ii) $500,000 for fiscal year 1988 or any succeeding fiscal year.]

(5) Except as provided in paragraph (2)(B), an endowment challenge grant awarded under this section to an eligible institution shall be in an amount which is not less than $50,000 in any fiscal year.

* * * * * *

[(B) not be more than (i) $250,000 for fiscal year 1987; or (ii) $500,000 for fiscal year 1988 or any succeeding fiscal year.]

(B) not be more than $500,000.for fiscal year 1993 and any succeeding fiscal year.

* * * * * * *

(f) Selection Criteria.—In selecting eligible institutions for grants under this section for any fiscal year, the Secretary shall—

[(1) give priority to an applicant which is a recipient of a grant made under part A or B (or section 355) of this title during the academic year in which the applicant is applying for a grant under this section;]

(1) give priority to an applicant that has received a grant under part A or part B of this title within the 5 fiscal years preceding the fiscal year in which the applicant is applying for a grant under this section;

* * * * * * *

Part D—General Provisions

APPLICATIONS FOR ASSISTANCE

Sec. 351. (a) * * *

* * * * * * *

[(D) information explaining the manner in which the proposed project will assist the application to prepare for the critical financial problems that all institutions of higher education will face during the subsequent decade as a result of declining enrollment, and other problems;]

[(E)] *(D)* a detailed budget showing the manner in which funds for any proposed project would be spent by the applicant; and

[(F)] *(E)* a detailed description of any activity which involves the expenditure of more than $25,000, as identified in the budget referred to in subparagraph (E); and

* * * * * * *

WAIVER AUTHORITY AND REPORTING REQUIREMENT

Sec. 352. (a) Waiver Requirements; Need-Based Assistance Students.—The Secretary [shall] *may* waive the requirements set forth in section 312(b)(1)(A) in the case of an institution—

* * * * * * *

(4) The Secretary shall waive the requirements set forth in section 312(b)(1)(B) in the case of an institution which qualifies for assistance under section 313.

COOPERATIVE ARRANGEMENTS

Sec. 354. (a) General Authority.—The Secretary may make grants to encourage cooperative arrangements—

(1) with funds available to carry out part A, between institutions eligible for assistance under part A and between such institutions and institutions not receiving assistance under this title; or

(2) with funds available to carry out part B, between institutions eligible for assistance under part B and institutions not receiving assistance under this title;

for the activities described in section 311(b) or section 323, as the case may be, so that the resources of the cooperating institutions might be combined and shared to achieve the purposes of such parts and avoid costly duplicative efforts and to enhance the development of part A and part B eligible institutions. *In carrying out the provisions of the previous sentence, institutions shall be permitted to participate in multiple cooperative arrangements as well as formal, established consortia.*

(b) Priority.—The Secretary shall give priority to grants for the purposes described under subsection (a) whenever the Secretary determines that the cooperative arrangement *or consortium* is geographically and economically sound or will benefit the applicant institution.

* * * * * * *

[SPECIAL PAYMENTS RULES

[Sec. 355. (a) Historically Black College Payments Rule.—Any historically Black college or university which, prior to September 30, 1986, received a grant under part A or part B of this title as in effect prior to such date and continues to receive a grant under such part A or part B for any fiscal year beginning after September 30, 1986, and ending prior to October 1, 1991, shall be paid from amounts appropriated to carry out part B of this title.

[(b) Other Institutions Special Payment Rule.—Each eligible institution other than an historically Black college or university which received a grant under part A or part B of this title as in effect prior to such date and continues to receive a grant under such part A or part B for any fiscal year beginning after September 30, 1986, and ending prior to October 1, 1991, shall be paid out of appropriations made pursuant to part A.

[(c) Special Rule for Unobligated Part A and Part B Funds.—In any fiscal year in which amounts appropriated pursuant to part A or part B for this title are available for obligation in the year succeeding the year in which the funds were appropriated, the Secretary shall make such funds available for grants under section 332, relating to the endowment challenge grant program, for the same type of institution for which the grants would have been made had the funds been paid pursuant to such part A or part B.]

* * * * * * *

ASSISTANCE TO INSTITUTIONS UNDER OTHER PROGRAMS

Sec. 356. (a) Assistance Eligibility.—Each institution which the Secretary determines to be an institution eligible under part A or an institution eligible under part B [shall] *may* be eligible for waivers in accordance with subsection (b).

* * * * * * *

[CHALLENGE GRANT APPLICATION REQUIRED

[Sec. 359. The Secretary shall not make a Challenge Grant to any grantee institution under section 313(a)(2) or under part B which has not applied for funds under part C and complied with section 332(a)(1) of part C after September 30, 1989.]

* * * * * * *

AUTHORIZATIONS OF APPROPRIATIONS

Sec. 360. (a) Authorizations.—(1) There are authorized to be appropriated to carry out part A [$120,000,000] *$125,000,000* for fiscal year [1987] *1993*, and such sums as may be necessary for the [4 succeeding] *6 succeeding* fiscal years.

(2)(A) There are authorized to be appropriated to carry out part B (other than section 326) [$100,000,000] *$125,000,000* for fiscal year [1987] *1993*, and such sums as may be necessary for the [4 succeeding] *6 succeeding* fiscal years.

(B) There are authorized to be appropriated to carry out section 326 [$5,000,000] *$20,000,000* for fiscal year [1987] *1993*, and such sums as may be necessary for the [4 succeeding] *6 succeeding* fiscal years.

(3) There are authorized to be appropriated to carry out part C [$20,000,000] *$40,000,000* for fiscal year [1987] *1993*, and such sums as may be necessary for the [4 succeeding] *6 succeeding* fiscal years.

* * * * * * *

(5) There are authorized to be appropriated to carry out section 313, $45,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years.

* * * * * * *

[(c) Reservations.—If the amount appropriated under subsection (a)(1) for part A for any fiscal year beginning after September 30, 1986, equals or exceeds the amount appropriated for such part for fiscal year 1986—

[(1) the Secretary shall, for such fiscal year, make available for use for the purposes of part A to institutions that are junior or community colleges not less than $51,400,000; and

[(2) the Secretary shall, for such fiscal year—

[(A) allocate 25 percent of the excess (above the amount appropriated for part A for fiscal year 1986) among eligible institutions with the highest percentages of students who are Black Americans, Hispanic Americans, Native Americans, Asian Americans, Native Hawaiians, or Pacific Islanders, or any combination thereof; and

[(B) allocate 75 percent of such excess among other eligible institutions.]

(c) Reservations.—If the amount appropriated under subsection (a)(1) for part A for any fiscal year beginning after September 30, 1986, equals or exceeds the amount appropriated for such part for fiscal year 1986, then the Secretary shall, for such fiscal year—

(1) allocate 25 percent of the excess (above the amount appropriated for part A for fiscal year 1986) among eligible institutions with a very high percentage of students who are Black Americans, Hispanic Americans, Native Americans, Asian Americans, Native Hawaiians, or Pacific Islanders, or any combination thereof; and

(2) allocate 75 percent of such excess among other eligible institutions.

* * * * * * *

(e) Additional Reservation.—The Secretary shall award at least 25 percent of the amount appropriated pursuant to the authority of paragraph (3) of subsection (a) in each fiscal year to historically black colleges and universities that meet the requirements of part C.

* * * * * * *

TITLE IV—STUDENT ASSISTANCE

Part A—Grants to Students in Attendance at Institutions of Higher Education

STATEMENT OF PURPOSE; PROGRAM AUTHORIZATION

Sec. 401. (a) * * *

* * * * * * *

Subpart 1—Basic Educational Opportunity Grants

BASIC EDUCATIONAL OPPORTUNITY GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS

Sec. 411. (a) Program Authority and Method of Distribution.—(1) The Secretary shall, during the period beginning July 1, 1972, and ending September 30, 1992, pay to each eligible institution *in accordance with subsection (g)* such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a basic grant in the amount for which that student is eligible, as determined pursuant to paragraph (2). Not less than 85 percent of such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students.

* * * * * * *

(b) Purpose and Amount of Grants.—⟦(1) The purpose of this subpart is to provide a basic grant that (A) as determined under paragraph (2), will meet 60 percent of a student's cost of attendance (as defined in section 411F); and (B) in combination with reasonable parental or independent student contribution and supplemented by the programs authorized under subparts 2 and 3 of this part, will meet 75 percent of a student's cost of attendance (as defined in section 472), unless the institution determines that a greater amount of assistance would better serve the purposes of section 401.⟧ *(1) The purpose of this subpart is to provided a basic grant that as determined under paragraph (2) will meet the cost of attendance as set forth in section 472, but in no event shall such grant amount exceed the amount of the basic grant described in paragraph 2.*

(2)(A) ⟦The amount⟧ *Except as provided in paragraph (3), the amount* of the basic grant for a student eligible under this part shall be—

⟦(i) $2,300 for academic year 1987-1988,

⟦(ii) $2,500 for academic year 1988-1989,

[(iii) $2,700 for academic year 1989–1990,
[(iv) $2,900 for academic year 1990–1991, and
[(v) $3,100 for academic year 1991–1992,]
(i) 3,600 for academic year 1993–1994,
(ii) 3,800 for academic year 1994–1995,
(iii) 4,000 for academic year 1995–1996,
(iv) 4,200 for academic year 1996–1997,
(v) 4,400 for academic year 1997–1998,
(vi) 4,600 for academic year 1998–1999, and
(vii) 4,800 for academic year 1999–2000,

less an amount equal to the amount determined to be the expected family contribution *(determined in accordance with part F)* with respect to that student for that year.

* * * * * * *

[(3) The amount of a basic grant to which a student is entitled under this subpart for any academic year shall not exceed 60 percent of the cost of attendance (as defined in section 411F) at the institution at which the student is in attendance for that year.]

(3)(A) Except as provided in subparagraph (B), the amount of a basic grant to which a student is entitled under this subpart in any fiscal year—

(i) in the case that the maximum basic grant amount allowable pursuant to the appropriate Appropriation Act is less than $3,600, equals a basic educational allowance of $2,300 plus a pro rata decrease in the amount the student would have received toward the cost of tuition if such maximum basic grant amount allowable pursuant to the appropriate Appropriation Act had been equal to $3,600;

(ii) in the case that the maximum basic grant amount allowable pursuant to the appropriate Appropriation Act is $3,600, equals a basic allowance of $2,300, plus 25 percent of the cost of tuition, except that such cost shall not exceed $1,300;

(iii) in the case that the maximum basic grant amount allowable pursuant to the appropriate Appropriation Act is greater than $3,600 equals the sum of—

(I) a basic education allowance of $2,300, multiplied by the percentage by which such maximum basic grant amount for the fiscal year exceeds such maximum basic grant amount for the preceding fiscal year plus one hundred percent; and

(II) twenty-five percent of the cost of tuition; and

(iv) in the case of an incarcerated student, shall be limited to the amount of tuition and fees assessed by the postsecondary institution for the course of study such student is pursuing and an allowance, as determined by the Secretary pursuant to regulations, for books and supplies associated with such course of study.

(B) In no event shall the amount of a basic grant be—

(i) less than $2,400 minus the expected family contribution; and

(ii) exceed the amount of the basic grant described in paragraph (2).

(4) No basic grant under this subpart shall exceed the difference between the expected family contribution for a student and the cost of attendance (as defined in [section 411F] *section 472*) at the institution at which that student is in attendance. If, with respect to any student, it is determined that the amount of a basic grant plus the amount of the expected family contribution for that student exceeds the cost of attendance for that year, the amount of the basic grant shall be reduced until the combination of expected family contribution and the amount of the basic grant does not exceed the cost of attendance at such institution.

(5) No basic grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this subsection for any academic year is less than [$200] *$400, except that a student who is eligible for a basic grant that is equal to or greater than $200 but less than $400 shall be awarded a basic grant of $400.*

[(6) No basic grant shall be awarded under this subpart to any student who is attending on a less than half-time basis—

[(A) from funds appropriated for fiscal years before fiscal year 1989;

[(B) from funds appropriated for fiscal year 1989 or 1990, unless the expected family contribution for such student is less than or equal to zero; or

[(C) from funds appropriated for fiscal year 1991, unless the expected family contribution for such student is less than or equal to $200.]

(6) No basic grant shall be awarded under this subpart in any fiscal year to any student who is attending on a less than half-time basis unless the expected family contribution for such student for such fiscal year is less than or equal to $200.

* * * * * * *

(8) Exception to the maximum Pell grant award.—Notwithstanding any other provision of law, a student may receive 2 Pell grants during a single 12-month period, if the student—

(A) is enrolled full-time in a program of study that is 3 years or longer at an eligible institution; and

(B) completes course work toward completion of a bachelor's degree that exceeds the requirements for a full academic year as defined by the institution.

(9) Study abroad.—Notwithstanding any other provision of this subpart, the Secretary shall allow the amount of the basic grant to be exceeded for students participating in a program of study abroad approved for credit by the institution when the reasonable costs of such program are greater than the cost of attendance at the student's home institution, except that the amount of such basic grant in any fiscal year shall not exceed the grant level specified in the appropriate Appropriation Act for this subpart for such year. If the preceding sentence applies, the financial aid administrator at the home institution may use the budget of the study abroad program, rather than the home institution's budget, to determine the expected family contribution of the student.

(10) Incarcerated students.—(A) No basic grant shall be awarded to an incarcerated student under this subpart that exceeds the

sum of the amount of tuition and fees normally assessed by the institution of higher education for the course of study such student is pursuing plus an allowance (determined in accordance with regulations issued by the Secretary) for books and supplies associated with such course of study, except that no basic grant shall be awarded to any incarcerated student serving under sentence of death or any life sentence without eligibility for parole or release.

(B) Basic grants under this subpart shall only be awarded to incarcerated individuals in a State if such grants are used to supplement and not supplant the level of postsecondary education assistance provided by such State to incarcerated individuals in fiscal year 1988.

(c) PERIOD OF ELIGIBILITY FOR GRANTS.—(1) * * *

* * * * * * *

(A) such period may not exceed the full-time equivalent of—

(i) [5 academic years] *7 academic years* in the case of an undergraduate degree or certificate program normally requiring [4 years or less;] *5 years;*

(ii) 6 academic years in the case of an undergraduate degree or certificate program normally requiring [more than] 4 years.

(iii) 4 academic years in the case of an undergraduate or certificate program normally requiring 2 years; or

(iv) twice the length of time for a program in the case of an undergraduate or certificate program normally requiring less than 2 years to complete;

* * * * * * *

(2) Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to utilize already existing knowledge, training, or skills. *Nothing in this section shall exclude from eligibility programs of study abroad that are approved for credit by the institution.*

* * * * * * *

(d) APPLICATIONS FOR GRANTS.—(1) * * *

* * * * * * *

(3) The Secretary shall make available a common reapplication form and process for students who have received a Pell Grant in the award year prior to the year for which such application is filed

* * * * * * *

(f) CALCULATION OF ELIGIBILITY.—(1) Each contractor processing applications for awards under this subpart (including a central processor, if any, designated by the Secretary) shall, in a timely manner, furnish to the student financial aid administrator (at each institution of higher education which a student awarded a basic grant under this subpart is attending) an estimate of the [eligibility index] *expected family contribution* for each such student. Each such student financial aid administrator shall—

(A) examine and assess the data used to calculate the [eligibility] *expected family contribution* index of the student furnished pursuant to this subsection;

(B) recalculate the [eligibility index] *expected family contribution* of the student if there has been a change in circumstances of the student or in the data submitted;

* * * * * * *

(D) after making such award report the corrected data to such contractor and to a central processor (if any) designated by the Secretary for a confirmation of the correct computation of amount of the [eligibility index] *expected family contribution* for each such student.

* * * * * * *

(3) Each contractor processing applications for awards under this subpart shall for each academic year after academic year 1986–1987 prepare and submit a report to the Secretary on the correctness of the computations of amount of the [eligibility index], *expected family contributions* and on the accuracy of the questions on the application form under this subpart for the previous academic year for which the contractor is responsible. The Secretary shall transmit the report, together with the comments and recommendations of the Secretary, to the Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on Education and Labor of the House of Representatives.

[(g) ADJUSTMENTS FOR INSUFFICIENT APPROPRIATIONS.—(1) If, for any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b), the amount paid with respect to each entitlement shall be—

[(A) the full amount for any student whose expected family contribution is $200 or less, or

[(B) a percentage of that entitlement, as determined in accordance with a schedule of reductions established by the Secretary for this purpose, for any student whose expected family contribution is more than $200.

[(2) Any schedule established by the Secretary for the purpose of paragraph (1)(B) of this subsection shall contain a single linear reduction formula in which the percentage reduction increases uniformly as the entitlement decreases, and shall provide that if an entitlement is reduced to less than $100, no payment shall be made.]

(g) ADJUSTMENTS FOR INSUFFICIENT APPROPRIATIONS.—

(1) FISCAL YEARS 1993 AND 1994.—(A) If, for fiscal years 1993 and 1994, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b), the amount paid with respect to each entitlement shall be—

(i) the full amount for any student whose expected family contribution is $400 or less; or

(ii) a percentage of that entitlement, as determined in accordance with a schedule of reductions established by the Secretary for this purpose, for any student whose expected family contribution is more than $400.

(B) Any schedule established by the Secretary for the purpose of subparagraph (A)(ii) of this subsection shall contain a single linear reduction formula in which the percentage reduction increases uniformly as the entitlement decreases, and shall provide that if an entitlement is reduced to less than $200, no payment shall be made.

(2) FISCAL YEARS 1995 AND 1996.—If for fiscal years 1995 and 1996, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b) (but at the maximum grant level specified in such appropriation), the Secretary shall, from the next succeeding fiscal year's appropriation for this subpart, expend such sums as may be necessary to meet any such insufficiencies for the preceding fiscal year.

(3) FISCAL YEARS 1997, AND 1999.—(A) For fiscal years 1997, 1998 and 1999, each institution of higher education which has an agreement with the Secretary under subparagraph (C) of this paragraph—

(i) shall make awards to its eligible students in the full amount to which such student is entitled under this subpart;

(ii) shall, except as provided in subparagraph (E), credit the amounts of such awards toward the tuition, fees, room and board, and other expenses incurred by the eligible student; and

(iii) shall submit vouches for reimbursement of such awards at such time, in such form, and containing or accompanied by such information as the Secretary may require by regulation.

(B) The Secretary shall reimburse each institution submitting a voucher under subparagraph (A)(iii) for the full amount of the awards credited by such institution to eligible students as required by Subparagraph (A)(ii).

(C) Each institution desiring to provide grants under this subpart to its eligible students shall enter into an agreement with the Secretary for purposes of this subsection. Such agreement shall—

(i) specify the conditions with which the institution shall comply to obtain reimbursements under this subsection;

(ii) specify the obligations of the Secretary with respect to such reimbursements; and

(iii) contain such additional terms and conditions as the Secretary may require by regulation.

(D) An institution which—

(i) has entered into an agreement with the Secretary under subparagraph (C);

(ii) has awarded grant to eligible students in accordance with this subpart; and

(iii) credited such awards in accordance with subparagraph (A)(ii) of this subsection shall be deemed to have a

contractual right against the United States to receive reimbursement according to the provisions of this subsection. Such reimbursements shall, for purposes of chapter 39 of title 31, United States Code, be considered to be payments made for the acquisition of services by contract with the Department.

(E) In the case of a student who does not reside in institutionally owned or operated housing and whose basic grant exceeds the amount of the tuition and fees owned by that student, the institution shall pay such excess to such student in accordance with procedures as may be prescribed by the Secretary. For purposes of Subparagraph (D)(iii), any amounts so paid shall be treated as amounts credited in accordance with subparagraph (A)(ii), and may be used by such student to cover room, board, transportation, child care, books, and other costs of attendance.

* * * * * * *

[FAMILY CONTRIBUTION SCHEDULE FOR PELL GRANTS; DATA ELEMENTS

[SEC. 411A. (a) GENERAL RULE FOR DETERMINATION OF EXPECTED FAMILY CONTRIBUTION.—(1) The expected family contribution—

[(A) for a dependent student shall be determined in accordance with section 411B,

[(B) for an independent student with dependents other than a spouse shall be determined in accordance with section 411C, and

[(C) for a single independent student or a married independent student without other dependents shall be determined in accordance with section 411D.

[(2) The following data elements are considered in determining the expected family contribution:

[(A) the effective income of (i) the student and the student's spouse; and (ii) the student's parents, in the case of a dependent student;

[(B) the number of family members in the household;

[(C) the number of family members in the household who are enrolled, on at least a half-time basis, in a program of postsecondary education;

[(D) the assets of (i) the student and the student's spouse, and (ii) the student's parents, in the case of a dependent student;

[(E) the marital status of the student;

[(F) the unusual medical expenses of (i) the student's parents, in the case of a dependent student, or (ii) the student and the student's spouse, in the case of an independent student;

[(G) the additional expenses incurred (i) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (ii) in the case of an independent student, when both the student and the student's spouse are employed or when the employed student qualifies as a surviving spouse or as a head of a household under section 2 of the Internal Revenue Code of 1986; and

[(H) the tuition paid (i) in the case of a dependent student, by the student's parents for dependent children, other than the student, who are enrolled in an elementary or secondary school, (ii) in the case of an independent student, by the student or the student's spouse for dependent children who are so enrolled.

[(b) Exclusion of Forced Sale Proceeds.—In the computation of family contributions for the program under this subpart for any academic year, there shall be excluded from family income any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation.

[ELIGIBILITY DETERMINATION FOR DEPENDENT STUDENTS

[Sec. 411B. (a) Computation of Student Aid Index.—For each dependent student, the student aid index is equal to the sum of—

[(1) the contribution from parents' income and assets, determined in accordance with subsection (b);

[(2) the contribution from student's (and spouse's) income, determined in accordance with subsection (h); and

[(3) the contribution from student's (and spouse's) assets, determined in accordance with subsection (l).

[(b) Contribution From Parents' Income and Assets.—The parents' contribution from income and assets is equal to the amount determined by—

[(1) computing the standard contribution from parents' income, determined in accordance with subsection (c);

[(2) adding the contribution from parents' assets, determined in accordance with subsection (g); and

[(3) dividing the resultant amount by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which aid under this subpart is requested.

[(c) Standard Contribution From Parents' Income.—The standard contribution from parents' income is determined by calculating the effective family income in accordance with subsection (d); by deducting the total offsets against income, as determined in accordance with subsection (e); and by assessing the results in accordance with subsection (f).

[(d) Determination of Effective Family Income.—The effective family income is equal to—

[(1) the sum of—

[(A) the adjusted gross income of the parents as reported to the Internal Revenue Service for the year immediately preceding the award year, and income earned from work but not reported on a Federal income tax return, less any excludable income (as defined in section 411F(9));

[(B) the total annual amount of untaxed income and benefits, received by the parents in the year immediately preceding the award year; and

[(C) one-half of the student's total veterans educational benefits, excluding Veterans' Administration contributory benefits, expected to be received during the award period, minus

[(2) the sum of—

[(A) the amount of United States income tax paid or payable by the parents in the tax year preceding the award year; and

[(B) an allowance for State and other taxes, as determined by multiplying the parents' total income (as determined under paragraph (1)) by a percentage determined according to the following table:

Percentages for Computation of State and Other Tax Allowance

If parents' State or territory of residence is—	And parents' total income is—	
	less than $15,000	$15,000 or more
	then the percentage is	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	9	8
Maine, New Jersey	10	9
	then the percentage is	
District of Columbia, Hawaii, Maryland, Massachuesetts, Oregon, Rhode Island	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13

[(e) TOTAL OFFSETS AGAINST INCOME.—Total offsets against income are determined by deducting—

[(1) a family size offset as determined by the following table:

Family Size Offsets

Family members	Amount
2	$6,700
3	8,100
4	10,400
5	12,300
6	13,800
7 or more	13,800 plus $1,800 for each member over 6

[(2) an offset for unusual medical and dental expenses;

[(3) an offset for employment expenses; and

[(4) an offset for unreimbursed elementary and secondary school tuition and fees.

[(f) ASSESSMENT OF DISCRETIONARY INCOME.—(1) The discretionary income that is assessed under this subsection is equal to (A) the effective family income (as determined under subsection (d)), minus (B) the total offsets to such income (as determined under subsection (e)). If such discretionary income is a negative amount, the contribution from the parents' income is zero.

[(2) If such discretionary income is a positive amount, the standard contribution from discretionary income is determined in accordance with the following chart:

Discretionary income	Expected contribution
$0 to $5,000	11% of discretionary income.
$5,001 to $10,000	$550, plus 13% of amount over $5,000.
$10,001 to $15,000	$1,200, plus 18% of amount over $10,000.
$15,001 and above	$2,100, plus 25% of amount over $15,000

[(g) CONTRIBUTION FROM PARENTS' ASSETS.—The standard contribution from parents' assets is determined in accordance with paragraphs (1) through (6):

[(1) If the parental assets include a principal place of residence, deduct $30,000 from the net value of the principal place of residence, except that in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(2) If the parental assets include assets other than a principal place of residence and other than farm and business assets, deduct $25,000 from the net value of those other assets. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(3) If the parental assets include farm or business assets, or both, deduct $80,000 in the case of business assets or $100,000 in the case of farm assets from the net value of the farm or business assets, or both. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(4) If the sum of the farm and business deduction and the deductions in paragraphs (1) and (2) exceeds $110,000 in the case of business deductions or $130,000 in the case of farm deductions, the farm and business deduction shall be reduced by the amount that the sum exceeds $110,000, or $130,000, as the case may be.

[(5)(A) The expected contribution from parental assets equals 5 percent of the total of the amounts obtained under paragraphs (1), (2), and (3).

[(B) If the calculation of effective family income required by subsection (d) produces a negative number, the expected contribution from parental assets, calculated under this paragraph, shall be reduced by the amount of that negative effective family income. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

[(6)(A) If the student's parents are separated, or divorced and not remarried, only the assets of the parent whose income is included in computing annual adjusted family income shall be considered.

[(B) If that parent has remarried, or if the parent was a widow, or widower who has remarried, and the parent's spouse's income also is included in computing effective family income, the assets of that parent's spouse shall also be included.

[(h) CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) INCOME.—The contribution from student's (and spouse's) income is determined by calculating the student's (and spouse's) effective income, as determined in accordance with subsection (i), by deducting the total offsets against income, as determined in accordance with subsection (j), and by assessing the results in accordance with subsection (k).

[(i) DETERMINATION OF STUDENT'S (AND SPOUSE'S) EFFECTIVE INCOME.—The effective income of the student (and spouse) is equal to—

[(1) the sum of—

[(A) the adjusted gross income of the student (and spouse) as reported to the Internal Revenue Service for the year immediately preceding the award year, or income earned from work, but not reported on a Federal income tax return, less any excludable income (as defined in section 411F(9)); and

[(B) the total annual amount of untaxed income and benefits received by the student (and spouse) in the year immediately preceding the award year; minus

[(2) the amount of United States income tax paid or payable by the student (and spouse) in the tax year preceding the award year.

[(j) TOTAL OFFSETS AGAINST STUDENT'S (AND SPOUSE'S) INCOME.—Total offsets against student's (and spouse's) income are determined by deducting—

[(1) a dependent student offset of $3,500, or $5,100 in the case of a dependent student with a spouse; and

[(2) if the parental discretionary income (as determined under subsection (f)) is a negative amount, the amount, if any, by which the result of the subtraction performed under subsection (g)(5) is less than zero.

[(k) ASSESSMENT OF STUDENT'S (AND SPOUSE'S) INCOME.—If the student's (and spouse's) effective income (as determined under subsection (i)) minus the total offsets (as determined under subsection (j)) is a negative amount, the contribution from student income is zero. If the student's (and spouse's) effective income is a positive amount, multiply it by 75 percent to determine the contribution from student's income.

[(l) DETERMINATION OF CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) ASSETS.—The contribution from the student's (and spouse's) assets is determined by calculating the net assets of the student (and spouse) and multiplying the amount by 33 percent, except that in the case of a student who is a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero.

[ELIGIBILITY DETERMINATION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE

[SEC. 411C. (a) COMPUTATION OF STUDENT AID INDEX.—For independent students with dependents other than a spouse, the student aid index is equal to the amount determined by—

[(1) computing the standard contribution from student's (and spouse's) income determined in accordance with subsection (b);

[(2) adding the contribution from student's (and spouse's) assets determined in accordance with subsection (f); and

[(3) dividing the resultant amount by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which aid under this subpart is requested.

[(b) COMPUTING THE STANDARD CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) INCOME.—The standard contribution from the student's and (spouse's) income is determined by calculating the effective family income in accordance with subsection (c); by deducting the total offsets against income, as determined in accordance with subsection (d); and by assessing the results in accordance with subsection (e).

[(c) DETERMINATION OF EFFECTIVE FAMILY INCOME.—The effective family income is equal to—

[(1) the sum of—

[(A) the adjusted gross income of the student (and spouse) as reported to the Internal Revenue Service for the year immediately preceding the award year and income earned from work, other than amounts received under part C of this title, but not reported on a Federal income tax return, less any excludable income (as defined in section 411F(9));

[(B) the total annual amount of untaxed income and benefits which is received by the student (and spouse) in the year immediately preceding the award year; and

[(C) one-half of the student's total veterans educational benefits, excluding Veterans' Administration contributory benefits, expected to be received during the award period; minus

[(2) the sum of—

[(A) the amount of United States income tax paid or payable by the student (and spouse) in the tax year preceding the award year; and

[(B) an allowance for State and other taxes as determined by multiplying the student's (and spouse's) total income (as determined under paragraph (1)) by a percentage determined according to the following table:

Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	And student's (and spouse's) total income is—	
	less than $15,000	$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	9	8
Maine, New Jersey	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13

[(d) TOTAL OFFSETS AGAINST INCOME.—Total offsets against income are determined by deducting—

[(1) a family size offset equal to the amount specified in the following table:

Family Size Offsets

Family members	Amount
	then the percentage is—
2	$6,700
3	8,100
4	10,400
5	12,300
6	13,800
7 or more	13,800 plus $1,800 for each member over 6

[(2) an offset for unusual medical and dental expenses;

[(3) in the case of a married independent student when both the student and spouse were employed in the year for which income is reported, or in the case of a student who qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, an offset for employment expenses; and

[(4) an offset for unreimbursed elementary and secondary school tuition and fees.

[(e) ASSESSMENT OF DISCRETIONARY INCOME.—(1) The discretionary income that is assessed under this subsection is equal to (A) the effective family income (as determined under subsection (c)), minus (B) the total offsets to such income (as determined under subsection (d)). If such discretionary income is a negative amount, the contribution from the student's (and spouse's) income in zero.

[(2) If such discretionary income is a positive amount, the standard contribution from discretionary income is determined in accordance with the following chart:

[

Discretionary income	Expected contribution
$0 to $5,000	11% of discretionary income.
$5,001 to $10,000	$550, plus 13% of amount over $5,000.
$10,001 to $15,000	$1,200, plus 18% of amount over $10,000.
$15,001 and above	$2,100, plus 25% of amount over $15,000.

[(f) CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) ASSETS.—The standard contribution from student's (and spouse's) assets is determined in accordance with paragraphs (1) through (6):

[(1) If the student's (and spouse's) assets include a principal place of residence, deduct $30,000 from the net value of the principal place of residence, except that in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this act), the net value of a principal place of residence shall be considered to be zero. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(2) If the student's (and spouse's) assets include assets other than a principal place of residence and other than farm and business assets, deduct $25,000 from the net value of those other assets. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(3) If the student's (and spouse's) assets include farm or business assets, or both, deduct $80,000 in the case of business assets or $100,000 in the case of farm assets from the net value of the farm or business assets, or both. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(4) If the sum of the farm and business deduction and the deductions in paragraphs (1) and (2) exceeds $110,000 in the case of business deductions or $130,000 in the case of farm deductions, the farm and business deduction shall be reduced by the amount that that sum exceeds $110,000, or $130,000, as the case may be.

[(5)(A) The expected contribution from student's (and spouse's assets equals 5 percent of the total of the amounts obtained under paragraphs (1), (2), and (3).

[(B) If the assessment of discretionary income under subsection (e) produces a negative number, the expected contribution from student's (and spouse's) assets, calculated under this paragraph, shall be reduced by the amount of that negative effective family income. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

[(6) If the married independent student with dependents is separated or divorced, only assets of the independent student shall be considered.

[ELIGIBILITY DETERMINATION FOR SINGLE INDEPENDENT STUDENTS OR FOR MARRIED INDEPENDENT STUDENTS WITHOUT OTHER DEPENDENTS

[SEC. 411D. (a) COMPUTATION OF STUDENT AID INDEX.—For single independent students or married independent students without other dependents, the student aid index is equal to the amount determined by—

[(1) computing the standard contribution from student's (and spouse's) income determined in accordance with subsection (b);

[(2) adding contribution from student's (and spouse's) assets determined in accordance with subsection (f); and

[(3) dividing the resultant amount by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which aid under this subpart is requested.

[(b) COMPUTING THE STANDARD CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) INCOME.—The standard contribution from the student's (and spouse's) income is determined by calculating the effective family income in accordance with subsection (c); by deducting the total offsets against income, as determined in accordance with subsection (d); and by assessing the results in accordance with subsection (e).

[(c) DETERMINATION OF EFFECTIVE FAMILY INCOME.—The effective family income is equal to—

[(1) the sum of—

[(A) the adjusted gross income of the student (and spouse) as reported to the Internal Revenue Service for the year immediately preceding the award year and income earned from work, other than amounts received under part C of this title, but not reported on a Federal income tax return, less any excludable income (as defined in section 411F(9));

[(B) the total annual amount of untaxed income and benefits which is received by the student (and spouse) in the year immediately preceding the award year; and

[(C) one-half of the student's total veterans educational benefits, excluding Veterans' Administration contributory benefits, expected to be received during the award period; minus

[(2) the sum of—

[(A) the amount of United States income tax paid or payable by the student (and spouse) in the tax year preceding the award year; and

[(B) an allowance for State and other taxes as determined by multiplying the student's (and spouse's) total income (as determined under paragraph (1)), by a percentage determined according to the following table:

[Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	And student's (and spouse's) total income is—	
	less than $15,000	$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia	7	6
Colorada, Connecticut, Georgia, Illinois, Kansas, Kentucky	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	9	8
Maine, New Jersey	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13

[(d) TOTAL OFFSETS AGAINST INCOME.—Total offsets against income are determined by deducting—

[(1) a family size offset equal to the amount specified in the following table:

[Family Size Offsets

Family members	Amount
1	$5,300
2	6,700

[(2) an offset for unusual medical and dental expenses; and

[(3) in the case of a married independent student when both the student and spouse were employed in the year for which income is reported, or in the case of a student who qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, an offset for employment expenses.

[(e) ASSESSMENT OF DISCRETIONARY INCOME.—(1) The discretionary income that is assessed under this subsection is equal to (A) the effective family income (as determined under subsection (c)), minus (B) the total offsets to such income (as determined under subsection (d)). If such discretionary income is a negative amount, the contribution from the student's (and spouse's) income is zero.

[(2) If such discretionary income is a positive amount, the standard contribution from student's (and spouse's) income is multiplied by 75 percent.

[(f) CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) ASSETS.—(1) The asset contribution amount of an independent student and the student's spouse is equal to 5 percent of the sum of the amounts computed under paragraphs (3) and (4), reduced by the amount, if any, by which effective family income as computed under subsection (c) is less than zero. If the result of such subtraction is a negative amount, the family asset contribution amount is zero.

[(2) The family asset contribution amount of a single independent student is equal to 33 percent of such student's net asset value, reduced by the amount, if any, by which effective family income as computed under subsection (c) is less than zero. If such value minus such amount is a negative amount, the family asset contribution amount is zero.

[(3) If the assets of an independent student with a spouse include a principal place of residence, deduct $30,000 from the net value of the principal place of residence, except that in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

[(4)(A) If the assets of an independent student with a spouse include assets other than a principal place of residence and other than farm and business assets, deduct $25,000 from the net value of those other assets. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

[(B)(i) If the assets of an independent student with a spouse include farm or business assets, or both, deduct 480,000 in the case of business assets or $100,000 in the case of farm assets from the net value of the farm or business assets, or both. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

[(ii) If the sum of the farm and business deduction and the deductions in paragraphs (3) and (4)(A) exceeds $110,000 in the case of business deductions or $130,000 in the case of farm deductions, the farm and business deduction shall be reduced by the amount that sum exceeds $110,000 or $130,000, as the case may be.

[REGULATIONS; UPDATED TABLES

[SEC. 411E. (a) AUTHORITY TO PRESCRIBE REGULATIONS RESTRICTED.—(1) Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this subpart except—

[(A) to prescribe updated tables under sections 411B through 411D; or

[(B) to propose modifications in the need analysis methodology required by this subpart.

[(2) Any regulation proposed by the Secretary that (A) updates tables in a manner that does not comply with subsection (b), or (B) that proposes modifications under paragraph (1)(B) of this subsection, shall not be effective unless approved by joint resolutions of the Congress by May 1 following the date such regulations are published in the Federal Register in accordance with section 482. If the Congress fails to approve such regulations by such May 1, the Secretary shall publish in the Federal Register in accordance with section 482 updated tables for the applicable award year that are prescribed in accordance with subsection (b) of this section.

[(b) PROVISIONS GOVERNING UPDATED TABLES.—(1)(A) Each of the amounts allowed as an offset for family size for dependent and independent students shall, for each academic year after academic year 1988–1989, be adjusted by the Secretary by increasing (or decreasing) the comparable amount for the preceding academic year by a percentage equal to the percentage increase (or decrease) in the Consumer Price Index for Wage Earners and Clerical Workers published by the Department of Labor, and rounded to the nearest $100.

[(B) The Secretary shall publish in the Federal Register a revised table for an offset for family size in accordance with section 482.

[(2)(A) The Secretary shall, for each academic year after academic year 1988–1989, publish in the Federal Register such revisions in offsets against income, asset determination, and assessment rates as are necessary to reflect the most recent and relevant data.

[(B) The Secretary shall publish in the Federal Register the revised determinations, required by subparagraph (A) in accordance with section 482.

[DEFINITIONS; DETERMINATIONS

[SEC. 411F. For the purpose of this subpart—

[(1) The term "annual adjusted family income" means the sum received in the year immediately preceding the award year, by the student's parents (in the case of a dependent student), or by the student and, if applicable, the student's spouse (in the case of an independent student), except excludable income under paragraph (9) of this subsection, from the following sources subject to the following rules:

[(A) Adjusted gross income, as defined in section 62 of the Internal Revenue Code of 1986.

[(B) Untaxed income and benefits, as defined in paragraph (15) of this section.

[(C) Income from one-half of any veteran's benefits expected to be paid to the student during the award period under chapters 34 and 35 of title 38 of the United States Code.

[(D) Income for a student whose parents are divorced or separated is determined under the following procedures:

[(i) Include only the income of the parent with whom the student resided for the greater portion of the 12-month period preceding the date of the application.

[(ii) If the preceding criterion does not apply, include only the income of the parent who provided the greater portion of the student's support for the 12-month period preceding the date of application.

[(iii) If neither of the proceding criteria apply, include only the income of the parent who provided the greater support during the most recent calendar year for which parental support was provided.

[(E) Income in the case of the death of any parent as follows:

[(i) If either of the parents have died, the student shall include only the income of the surviving parent.

[(ii) If both parents have died, the student shall not report any parental income.

[(F) Income in the case of a parent whose income is taken into account under subparagraph (D) of this paragraph, or a parent who is a widow or widow and whose income is taken into account under clause (i) of this subparagraph, has remarried, under the following rule: The income of that parent's spouse shall be included in determining the student's annual adjusted family income if—

[(i) the student's parent and the stepparent are married as of the date of application for the award year concerned; and

[(ii) the student is not an independent student.

[(G)(i) Income in the case of a dislocated worker shall be the income for the year for which the determination is made.

[(ii) For the purpose of this subparagraph, a dislocated worker is a worker identified pursuant to title III of the Job Training Partnership Act.

[(2) The term "assets" means cash on hand, including amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, and the net value of real estate, income producing property, and business and farm assets.

[(3) The term "award year" is the period of time between July 1 of the first year and June 30 of the following year.

[(4) The term "business assets" means property that is used in the operation of a trade or business, including real estate, inventories, buildings, machinery, and other equipment, patents, franchise rights, and copyrights.

[(5) The term "cost of attendance" means—

[(A) the tuition and uniform compulsory fees normally changed a full-time student at the institution at which the student is in attendance for any award year, plus

[(B)(i) an allowance for room and board costs, books, supplies, transportation, and miscellaneous expenses incurred by the student which shall not exceed $1,700 for a student without dependents residing at home with parents;

[(ii) an allowance for room and board costs, books, supplies, transportation, and miscellaneous expenses incurred by the student which shall not exceed $2,300 for all other students, subject to clause (iii);

[(iii) an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses (in accordance with clause (iv)) for less than half-time students (as determined by the institution);

[(iv) an allowance for child care which shall not exceed $1,000; and

[(v) an allowance for the costs of special services and equipment required for attendance by the handicapped that are not provided by other assisting agencies;

except that, if the maximum award under this subpart is less than or greater than $2,300, then the dollar amounts specified in clauses (i) and (ii) of subparagraph (B) of this paragraph shall be increased or decreased by an amount equal to the amount by which such maximum award is greater than or less than $2,300, respectively.

[(6) Except as otherwise provided, the term (A) "dependent of the student" means the student's spouse, the student's dependent children, and other persons who live with and receive more than one-half of their support from the student and will continue to receive more than half of their support from the student during the award year; and (B) the term "dependent of the parent" means the parents of the student, the student, any of the student's dependent children, dependent children of the student's parents, including those children who are deemed to be dependent students when applying for aid under this title, and other persons who live with and receive more than one-half of their support from the parents and will continue to receive more than half of their support from the parents during the award year.

[(7) Effective family income shall be determined on the basis of the annual adjusted family income minus the Federal taxes and imputed State and other taxes paid or payable for the year that adjusted gross income is used in the calculation of the student's Pell Grant.

[(8)(A) The employment expense offset is determined as follows:

[(i) If both parents were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such offset is equal to the lesser of $1,500 or 50 percent of the earned income (income earned by work) of the parent with the lesser earned income.

[(ii) If a parent qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, such offset is equal to the lesser of $1,500 or 50 percent of the parent's earned income.

[(B) The employment expense offset in the case of an independent student with dependents is determined as follows:

[(i) If both the student and the student's spouse were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such offset is equal to the lesser of $1,500 or 50 percent of the earned income (income earned by work) of the spouse with the lesser earned income.

[(ii) If a student qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, such offset is equal to the lesser of $1,500 or 50 percent of the student's earned income.

[(9)(A) The term "excludable income" means the income described in subparagraphs (B) through (E) of this paragraph which is excluded for the purpose of determining "annual adjusted family income" under paragraph (1).

[(B) For a Native American Student, the annual adjusted family income does not include any income and assets of $2,000 or less per individual payment received by the student (and spouse) and student's parents under the Per Capita Act or the Distribution of Judgment Funds Act or any income received by the student (and spouse) and student's parents under the Alaska Native Claims Settlement Act or the Maine Indians Claims Settlement Act.

[(C) In the case of a student who is divorced or separated, or whose spouse has died, the spouse's income shall not be considered in determining the effective family income.

[(D) The annual adjusted family income does not include any student financial assistance (including any income earned from work under part C of this title) except veterans' or Social Security benefits set forth in paragraph (15) of this subsection.

[(E) Annual adjusted family income does not include any unemployment compensation received by a dislocated worker certified in accordance with title III of the Job Training Partnership Act.

[(F) Annual adjusted family income does not include any living allowance received by a participant in programs established under the National and Community Service Act of 1990.

[(10)(A) In determining family size in the case of a dependent student—

[(i) if the parents are not divorced or separated, family members include the student's parents, and the dependents of the student's parents including the student;

[(ii) if the parents are divorced or separated, family members include the parent whose income is included in computing the effective family income and that parent's dependents, including the student; and

[(iii) if the parents are divorced and the parent whose income is so included is remarried, or if the parent was a widow or widower who has remarried, family members also include, in addition to those individuals referred to in subparagraph (B), the new spouse and any dependents of the new spouse if that spouse's income is included in determining effective family income.

[(B) In determining family size in the case of an independent student with dependents—

[(i) family members include the student, the student's spouse, and the student's dependents; and

[(ii) if the student is divorced or separated, family members do not include the spouse (or ex-spouse), but do include the student and the student's dependents.

[(11) The term "farm assets" means any property owned and used in the operation of a farm for profit, including real estate, livestock, livestock products, crops, farm machinery, and other equipment inventories. A farm is not considered to be operated for profit if crops or livestock are raised mainly for the use of the family, even if some income is derived from incidental sales.

[(12)(A) The term "independent", when used with respect to a student, means any individual who—

[(i) is 24 years of age or older by December 31 of the award year; or

[(ii) meets the requirements of subparagraph (B).

[(B) Except as provided in subparagraph (C), an individual meets the requirements of this subparagraph if such individual—

[(i) is an orphan or ward of the court;

[(ii) is a veteran of the Armed Forces of the United States;

[(iii) is a graduate or professional student who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of the award year;

[(iv) is a married individual who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of the award year;

[(v) has legal dependents other than a spouse;

[(vi) is a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents (or guardian) for income tax purposes for the 2 calendar years preceding the award year and demonstrates to the student financial aid administrator total self-sufficiency during the 2 calendar years preceding the award year in which the initial award will be granted by demonstrating annual total resources (including all sources of resources other than parents and living allowances received as a result of participation in a program established under the National and Community Service Act of 1990) of $4,000; or

[(vii) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

[(C) An individual may not be treated as an independent student pursuant to clauses (iii), (iv), and (vi) of subparagraph (B) if the financial aid administrator determines that such individual was treated as an independent student during the preceding award year, but was claimed as a dependent by any other individual (other than a spouse) for income tax purposes for the first calendar year of such award year.

[(D) The financial aid administrator may certify an individual described in clause (iii), (iv), or (vi) of subparagraph (B) on the basis of a demonstration made by the individual, but no disbursal of an award may be made without documentation.

[(13) The term "net assets" means the current market value at the time of application of the assets included in the definition of "assets", minus the outstanding liabilities (indebtedness) against the assets.

[(14) The term "unreimbursed elementary and secondary school tuition and fees" means the unreimbursed tuition and fees paid by the student's parents for each dependent other than the student, or by an independent student (and spouse) for dependents enrolled in elementary or secondary school, and may not exceed for each such dependent the national average per pupil instructional cost as published by the Center for Education Statistics using the most recent available data.

[(15) The term "untaxed income and benefits" means—

[(A) child support received;

[(B) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;

[(C) workman's compensation;

[(D) veterans' benefits such as death pension, dependency and indemnity compensation, but excluding veterans' education benefits;

[(E) interest on tax-free bonds;

[(F) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and other (including cash payments and cash value of benefits);

[(G) cash support or any money paid on the student's behalf;

[(H) the amount of earned income credit claimed for Federal income tax purposes;

[(I) untaxed portion of pensions;

[(J) credit for Federal tax on special fuels;

[(K) the amount of foreign income excluded for purposes of Federal income taxes;

[(L) untaxed social security benefits;

[(M) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

[(N) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.

[(16)(A) The term "unusual medical and dental expenses" means an amount equal to the amount by which the sum of unreimbursed medical and dental expenses exceeds 20 percent of the effective family income of the parents. The expenses of both parents are included only if the income of both parents is included in determining effective family income. A stepparent's expenses are included only if the parent's income is included in determining effective family income.

[(B) The term "unusual medical and dental expenses", in the case of an independent student with dependents, means an amount equal to the amount by which the sum of unreimbursed medical and dental expenses exceeds 20 percent of the effective family income of the independent student with dependents. The expenses of both the student and the student's spouse are included only if the incomes of both are included in determining effective family income.

[(17)(A) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Northern Mariana Islands, or the Trust Territory of the Pacific Islands under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as United States income taxes.

[(B) References in this subpart to the Internal Revenue Code of 1986, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in subparagraph (A), be treated as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may prescribe by regulation.]

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SUBPART 2—SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

PURPOSE; APPROPRIATIONS AUTHORIZED

SEC. 413A. (a) * * *

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(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated [$490,000,000] *$650,000,000* for fiscal year [1987] *1993,* and such sums as may be necessary for the [4 succeeding] *6 succeeding* fiscal years.

* * * * * * *

AMOUNT AND DURATION OF GRANTS

SEC. 413B. (a) AMOUNT OF GRANT.—(1) [From] *Except as provided in paragraph (3), from* the funds received by it for such purpose under this subpart, an institution which awards a supplemental grant to a student for an academic year under this subpart shall, for each year, pay to that student an amount not to exceed the lesser of (A) the amount determined by the institution, in accordance with the provisions of part F of this title, to be needed by that student to enable the student to pursue a course of study at the institution *or in a program of study abroad that is approved for credit by the institution*, or (B) $4,000.

* * * * * * *

(3) For students participating in study abroad programs, the institution shall consider all reasonable costs associated with such study abroad when determining student eligibility. The amount of grant to be awarded in such cases may exceed the maximum amount of $4,000 by as much as $400 if reasonable study abroad costs exceed the cost of attendance at the home institution by more than 20 percent.

(b) PERIOD FOR RECEIPT OF GRANTS; CONTINUING ELIGIBILITY.—(1) The period during which a student may receive supplemental grants shall be the period required for the completion of the first undergraduate baccalaureate course of study, *and the first academic year of the first post-baccalaureate degree or the first year of graduate study (if the financial aid officer determines that the student has exceptional needs compared to undergraduate students receiving such grants,* being pursued by that student.

* * * * * * *

AGREEMENTS WITH INSTITUTIONS; SELECTION OF RECIPIENTS

SEC. 413C. (a) INSTITUTIONAL ELIGIBILITY.—Assistance may be made available under this subpart only to an institution which—

(1) has, in accordance with section 487, an agreement with the Secretary applicable to this subpart;

[(2) agrees that the Federal share of awards under this subpart will not exceed—

[(A) 95 percent of such awards in fiscal year 1989,
[(B) 90 percent of such awards in fiscal year 1990, and
[(C) 85 percent of such awards in fiscal year 1991,

except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that a larger Federal share is required to further the purpose of this subpart; and]

(2) agrees that the Federal share of awards under this subpart will not exceed 75 percent of such awards, except that the Federal share may exceed such percentage if the Secretary determines that the non-Federal share would cause financial hardship at an eligible institution and that such institution serves a large number or percentage of low-income and minority students; and

* * * * * * *

(c) SELECTION OF INDIVIDUALS AND DETERMINATION OF AMOUNT OF AWARDS.—(1) * * *

* * * * * * *

(2)(A) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 487, assure that the selection procedures—

(i) will be designed to award supplemental grants under this subpart, first, to students with exceptional need, [and]

(ii) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 484**[.]**,

(iii) will, notwithstanding any other provision of this part, award supplemental grants to Pell grant recipients in an amount which is proportionate to the amount of the Pell grant received by such recipient in the academic year for which the determination is made, and

(iv) will determine awards for supplemental grants without regard to the determination of a minimum student contribution or self-help amount or eligibility for assistance under other parts of this title.

* * * * * * *

(d) Use of Funds for Less-Than-Full-Time Students.—If the institution's allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students attending the institution less than full time, a reasonable proportion of the institution's allocation shall be made available to such students *except that if the total financial need of all such students attending the institution exceeds 5 percent of such institution's allotment, then at least 5 percent of such allotment shall be made available to such students.*

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ALLOCATION OF FUNDS

Sec. 413D. (a) Allocation Based on Previous Allocation.—(1) * * *

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(4)(A) Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds $700,000,000 among eligible institutions described in subparagraph (B).

(B) In order to receive an allocation pursuant to subparagraph (A) an institution shall be an eligible institution from which 50 percent or more of the Pell Grant recipients attending such eligible institution graduate or transfer to a 4-year institution of higher education.

* * * * * * *

(d) Determination of Institution's Need.—(1) * * *

* * * * * * *

(2) To determine the need of an institution's eligible undergraduate students, the Secretary shall—

(A) establish various income categories for dependent and independent undergraduate students *subdivided by full-time and part-time status;*

* * * * * * *

SUBPART 3—GRANTS TO STATES FOR STATE STUDENT INCENTIVES

PURPOSE; APPROPRIATIONS AUTHORIZED

SEC. 415A. [(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to the States to assist them in providing grants to eligible students attending institutions of higher education and grants to eligible students for campus-based community service work learning study.]

(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to—

(1) make incentive grants available to States to assist States in providing grants to—

(A) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by such institutions; and

(B) eligible students for campus-based community service work learning study; and

(2) make allotments to States to enable States to conduct early intervention programs described in section 415F;

(b) AUTHORIZATION OF APPROPRIATIONS AVAILABILITY.—(1) There are authorized to be appropriated $85,000,000 for fiscal year [1987], *1993*, and such sums as may be necessary for the [4 succeeding] *6 succeeding* fiscal years.

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APPLICATIONS FOR STATE STUDENT INCENTIVE GRANT PROGRAMS

SEC. 415C. (a) * * *

* * * * * * *

(2) provides that such grants will be in amounts not in excess of [$2,500] *$4,000* per academic year (A) for attendance on a full-time basis at an institution of higher education, and (B) for campus-based community service work learning study jobs;

* * * * * * *

(4) provides for the selection of recipients of such grants or of such State work-study jobs on the basis of substantial financial need determined annually on the basis of criteria established by the State and approved by the Secretary *except that for the purpose of collecting data to make such determination of financial need, no student or parent shall be charged a fee that is payable to an entity other than such State;*

* * * * * * *

SEC. 415F. EARLY INTERVENTION PROGRAM.

(a) STATEMENT OF PURPOSE.—It is the purpose of this section to make incentive grants to States to enable States to conduct early intervention programs that—

(1) raise the awareness of eligible students about the advantages of obtaining a postsecondary education;

(2) provide academic support and personal mentoring for prospective postsecondary students' and

(3) provide eligible students with tuition assistance.

(b) EARLY INTERVENTION PROGRAM ESTABLISHED.—

(1) PROGRAM ESTABLISHED.—From amounts appropriated pursuant to the authority of subsection (f), the Secretary shall make allotments to States in accordance with paragraph (2) to pay the Federal share of the costs of the activities and services described in the plan submitted pursuant to subsection (d).

(2) ALLOTMENT.—Except as provided in paragraph 3, for any fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to the amount appropriated pursuant to subsection (f) as the number of eligible students in such State bears to the total number of eligible students in all the States.

(3) MINIMUM ALLOTMENT.—No State shall receive an allotment under paragraph (2) in any fiscal year which is less than $500,000.

(4) REALLOTMENT.—The amount of any State's allotment under paragraph (2) or (3) for any fiscal year which the Secretary determines will not be required for such fiscal year for the early intervention program of that State shall be available for reallotment from time to time, on such dates during such year as the Secretary may fix, to other States in proportion to the original allotments to such States under such paragraphs for such year, but with such proportionate amount for any of such States being reduced to the extent such amount exceeds the sum the Secretary estimates such State needs and will be able to use in such year for carrying out the activities and services described in the State plan. The total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount reallotted to a State under this paragraph during a year from funds appropriated pursuant to subsection (g) shall be deemed part of its allotment under such paragraphs for such year.

(5) ALLOTMENT SUBJECT TO CONTINUING COMPLIANCE.—The Secretary shall make payments for early intervention programs only to States which continue to meet the requirements of subsection (c).

(6) DEFINITIONS.—For the purpose of this section—

(A) the term "eligible institution" has the same meaning provided such term in section 435(a);

(B) the term "eligible student" shall include students eligible—

(i) to be counted under section 1005(c) of the Elementary and Secondary Education Act of 1965;

(ii) for assistance pursuant to the National School Lunch Act; or

(iii) for assistance pursuant to part A of title IV of the Social Security Act (Aid to Families with Dependent Children); and

(C) term "tuition assistance" includes the costs of tuition, room and board, books, and required fees, if any.

(c) USE OF ALLOTMENTS.—

(1) IN GENERAL.—A State shall use payments received under this section to conduct an early intervention program that—

(A) provides eligible students in any of the grades preschool through 12 with a continuing system of mentoring and advising that—

(i) is coordinated with the Federal and State community service initiatives;

(ii) may include such support services as after school and summer tutoring, assistance in obtaining summer jobs, career mentorimg and academic counseling; and

(iii) may be provided by service providers such as community-based organizations, schools, eligible institutions, and public and private agencies, particularly institutions and agencies sponsoring programs authorized under subpart 4 of this part;

(B) requires each student to enter into an agreement with the State under which the student agrees to achieve certain academic milestones, such as completing a prescribed set of courses and maintaining satisfactory academic progress as described in section 484(c), in exchange for receiving tuition assistance for a period of time to be established by each State;

(C) establishes a plan for tuition assistance described in subparagraph (B) which may include contributions from Federal, State and private sources;

(D) contains an incentive system to encourage greater collaboration between elementary and secondary schools, institutions of higher education, and any programs assisted under sections 417B and 417C in the State, through the creation of new linkage structures and programs;

(E) provides financial aid counseling, including information on the opportunities for financial assistance pursuant to this title; and

(F) contains an evaluation component that allows service providers to track eligible student progress during the period such students are participating in the program assisted under this section and which is consistent with the standards developed by the Secretary pursuant to paragraph (4).

(2) ADDITIONAL REQUIREMENTS.—In carrying out the provisions of subparagraph (B) of paragraph (1), a State may include in the agreement such other requirements as the State determines necessary to meet the purposes of this section.

(3) TUITION ASSISTANCE.—(A) In order to receive an allotment under this section each State shall ensure that tuition assistance provided pursuant to the provisions of paragraph (1)(B) is available to an eligible student for use at any eligible institution.

(B) A State may consider students who have successfully participated in programs funded under subpart 4 of this part to have met the requirements of subsection (c)(1)(A) and (B).

(C) Notwithstanding any other provision of law, tuition assistance provided under this section shall not be considered for the purpose of awarding Federal student financial aid.

(4) EVALUATION STANDARDS.—The Secretary shall prescribe standards for the evaluation described in paragraph (1)(E). Such standards shall—

(A) provide for input from States and service providers; and

(B) ensure that data protocols and procedures are consistent and uniform.

(d) STATE PLAN.—

(1) IN GENERAL.—Each State desiring an allotment under this section shall submit a State plan to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(2) CONTENTS.—Each State plan submitted pursuant to paragraph (1) shall—

(A) describe the activities for which assistance under this section is sought; and

(B) provide such additional assurance as the Secretary determines necessary to ensure compliance with the requirements of this section.

(3) APPROVAL.—The Secretary shall approve a State plan submitted pursuant to paragraph (1) within 6 months of receipt of the plan unless the plan fails to comply with the provisions of this section.

(e) EVALUATION AND REPORT.—

(1) EVALUATION.—Each State receiving an allotment under this section shall annually evaluate the early intervention program assisted under this section in accordance with the standards described in subsection (c)(4) and shall submit to the Secretary a copy of such evaluation.

(2) REPORT.—The Secretary shall annually report to the Congress on the activities assisted under this section and the evaluations conducted pursuant to paragraph (1).

(f) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There are authorized to be appropriated $100,000,000 for fiscal year 1993 and such sums as may be necessary for the 6 succeeding fiscal years to carry out the provisions of this section.

(2) SPECIAL RULE.—No funds are authorized to be appropriated pursuant to the authority of paragraph (1) in any fiscal year unless the amount appropriated pursuant to the authority of section 415A to carry out this subpart equals or exceeds $63,500,000 in such fiscal year.

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SUBPART 4—SPECIAL PROGRAMS FOR STUDENTS FROM DISADVANTAGED BACKGROUNDS

PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS

SEC. 417A. (a) GRANTS AND CONTRACTS AUTHORIZED.—The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants and contracts designed to identify qualified individuals from disadvantaged backgrounds, to prepare them for a program of postsecondary education, to provide support services for such students who are pursuing programs of postsecondary education, *to motivate and prepare such students for doctoral programs,* and to train individuals serving or preparing for service in programs and projects so designed.

(b) Eligible Grant and Contract Recipients.—(1) For the purposes described in subsection (a), the Secretary is authorized, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), to make grants to, and contracts with, institutions of higher education, public and private agencies and organizations, *combinations of such institutions, agencies or organizations,* and, in exceptional circumstances, secondary schools for planning, developing, or carrying out one or more of the services assisted under this part.

* * * * * * *

(3) Beginning in fiscal year 1993, the Secretary shall reserve the amount by which funds appropriated to carry out this subpart in the fiscal year for which the determination is made exceeds the funds appropriated to carry out this subpart in fiscal year 1992, to award grants or contracts under this subpart to applicants proposing programs that serve geographic areas or eligible populations which have been underserved by the programs assisted under this subpart.

(c) Authorization of Appropriations.—For the purpose of making grants and contracts under this subpart, there are authorized to be appropriated **[**$205,000,000**]** *$450,000,000* for fiscal year **[**1987**]** *1993,* and such sums as may be necessary for the **[**4 succeeding**]** *6 succeeding* fiscal years.

* * * * * *

(e) Outreach.—

(1) In general.—The Secretary shall conduct outreach activities to ensure that entities eligible for assistance under this subpart submit applications proposing programs that serve geographic areas and eligible populations which have been underserved by the programs assisted under this subpart.

(2) Notice and assistance.—In carrying out the provisions of paragraph (1), the Secretary shall—

(A) notify the entities described in subsection (b) of the availability of assistance under this subsection not less than 120 days prior to the deadline for submission of applications under this subpart; and

(B) provide assistance in the development of applications and programs assisted under this subpart.

(3) Special rule.—The Secretary may contract with eligible entities to conduct the outreach activities described in this subsection.

(f) Application Review Process.—

(1) In general.—To the extent practicable, the Secretary shall ensure that readers of applications submitted under this subpart represent diverse backgrounds reflecting the populations served by programs assisted by this subpart.

(2) Special rule.—The Secretary shall ensure that each application submitted under this subpart is read by at least 3 reviewers not employed by the Department of Education.

(g) Documentation of Status as a Low-Income Individual.—Documentation of an individual's status pursuant to subsection (d)(2) shall be made—

(1) in the case of an individual who is eighteen years of age or younger or a dependent student by providing the Secretary with a signed statement from the parent or legal guardian, verification from another governmental source, a signed financial aid application, a signed United States or Puerto Rican income tax return, or any other documentation the Secretary deems appropriate that documents that the individual is a low-income individual for purposes of this subpart; and

(2) in the case of an individual who is age 18 or older or who is an independent student, by providing the Secretary with a signed statement from the individual, verification from another governmental source, a signed financial aid form, a signed United States or Puerto Rican income tax return, or any other documentation the Secretary deems appropriate that documents that a student is a low-income individual for purposes of this subpart.

(h) Special Rules.—

(1) Peer review process.—The Secretary shall award grants and contracts under this subpart in the order of the scores received by the application for such grant or contract in the peer review process required under section 1210 and adjusted for prior experience in accordance with subsection (b)(2).

(2) Duration.—Grants or contracts made under this subpart shall be awarded for a period of 4 years, except that the Secretary may award such grants or contracts for not more than 5 years to support programs the Secretary considers exceptional.

(3) Application status.—The Secretary shall inform each entity operating programs under this subpart regarding the status of their application for continued funding at least 10 months prior to the expiration of the grant or contract. The Secretary, in the case of an entity that is continuing to operate a successful program under this subpart, shall ensure that the startup date for a new grant or contract for such program immediately follows the termination of preceding grant or contract so that no interruption of funding occurs for such successful reapplicants. The Secretary shall inform each entity requesting assistance under this subpart for a new program regarding the status of their application at least 10 months prior to the proposed startup date of such program.

(4) Number of applications for grants and contracts.—The Secretary shall not limit the number of applications submitted by an entity under any program authorized under this subpart if the additional applications describe programs serving different populations or campuses.

(5) Coordination with other programs for disadvantaged students.—The Secretary shall encourage coordination of programs assisted under this subpart with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding source of such programs. The Secretary shall not limit an entity's eligibility to receive funds under this subpart because such entity sponsors a

program similar to the program to be assisted under this subpart, regardless of the funding source of such program. The Secretary shall not require a separate Director to administer a program funded under this subpart if the imposition of such requirement will hinder coordination among programs funded under this subpart or between programs funded under this subpart and similar programs funded through other sources.

TALENT SEARCH

SEC. 417B. (a) * * *

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[(b) TUTORIAL SERVICES.—A talent search project assisted under this subpart may include, in addition to the services described in paragraphs (1), (2), and (3) of subsection (a), tutorial services for youths being encouraged to undertake or reenter programs of postsecondary education if such tutorial services are not otherwise available to such youths through a project assisted under this subpart.]

(b) PERMISSIBLE SERVICES.—Any talent search project assisted under this subpart may provide services such as-

(1) academic advice and assistance in secondary school and college course selection;

(2) assistance in completing college admission and financial aid applications;

(3) assistance in preparing for college entrance examinations;

(4) guidance on high school reentry or entry into a general equivalency diploma program (GED) or other alternative education programs for high school dropouts;

(5) personal counseling;

(6) tutorial services;

(7) career counseling;

(8) exposure to college campuses as well as cultural events, academic programs and other sites or activities not usually available to disadvantaged youth;

(9) mentoring programs involving either elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and

(10) workshops and counseling for parents of students served.

* * * * * * *

[(2) require that such participants be persons who either have completed 6 years of elementary education or are at least 12 years of age but not more than 27 years of age, unless the imposition of any such limitation with respect to any person would defeat the purposes of this section or the purposes of section 417E;]

(2) require that such participants be persons who have completed 5 years of elementary education or are at least 11 years of age but not more than 27 years of age, unless the imposition of any such limitation with respect to any person will defeat the purposes of this section or the purposes of section 417E;

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UPWARD BOUND

SEC. 417C. (a) * * *

* * * * * * *

(8) on-campus residential programs; [and]

(9) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and

[(9)] *(10)* programs and activities as described in paragraphs (1) through [(8)] *(9)* which are specially designed for students of limited English proficiency.

* * * * * * *

(c) SPECIAL REQUIRED SERVICES.—Any upward bound project assisted which has received funding under this subpart for 2 or more years shall include as part of the core curriculum in the next and succeeding years—

(1) instruction in mathematics through precalculus;

(2) a minimum of 1 laboratory science;

(3) a minimum of 1 foreign language; and

(4) instruction in composition and literature.

[(c)] *(d)* REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for upward bound projects under this subpart for any fiscal year the Secretary shall—

* * * * * * *

[(d)] *(e)* MAXIMUM STIPENDS.—Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $60 per month during June, July, and August, and not in excess of $40 per month during the remaining period of the year.

STUDENT SUPPORT SERVICES

SEC. 417D. (a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as student support services (hereinafter referred to as "student support services")[.] *that shall be designed to—*

(1) increase college retention and graduation rates for students;

(2) increase the transfer rates of students from 2-year to 4-year institutions; and

(3) foster an institutional climate supportive of the success of low-income, first-generation and physically handicapped students.

* * * * * * *

(8) activities designed to assist students currently enrolled in 2-year institutions in securing admission and financial assistance for enrollment in a four-year program of postsecondary education; [and]

(9) mentoring programs involving faculty or upper class students, or a combination thereof; and

[(9)] *(10)* programs and activities as described in paragraphs (1) through [(8)] *(9)* which are specially designed for students of limited English proficiency.

*   *   *   *   *   *   *

(5) require an assurance from the institution which is the recipient of the grant or contract that each student enrolled in the project will [receive] *be offered* sufficient financial assistance to meet that student's full financial need.

[(d) POST-BACCALAUREATE ACHIEVEMENT PROGRAM AUTHORITY.—(1) The Secretary shall carry out a program to be known as the "Ronald E. McNair Post-Baccalaureate Achievement Program".

[(2) A post-baccalaureate achievement project assisted under this subsection may provide services such as—

[(A) opportunities for research or other scholarly activities at the institution or at graduate centers designed to provide students with effective preparation for doctoral study;

[(B) summer internships;

[(C) seminars and other educational activities designed to prepare students for doctoral study;

[(D) tutoring;

[(E) academic counseling; and

[(F) activities designed to assist students participating in the project in securing admission to and financial assistance for enrollment in graduate programs.

[(3) In approving applications for post-baccalaureate achievement projects assisted under this subsection for any fiscal year, the Secretary shall require—

[(A) an assurance that not less than two-thirds of the individuals participating in the project proposed to be carried out under any application be low-income individuals who are first-generation college students;

[(B) an assurance that the remaining persons participating in the project proposed to be carried out be from a group that is underrepresented in graduate education;

[(C) an assurance that participants be enrolled in a degree program at an eligible institution in accordance with the provisions of section 487; and

[(D) an assurance that participants in summer research internships have completed their sophomore year in post-secondary education.

[(4) In addition to such other selection criteria as may be prescribed by regulations, the Secretary shall consider in making awards to institutions under this subsection—

[(A) the quality of research and other scholarly activities in which students will be involved;

[(B) the level of faculty involvement in the project and the description of the research in which students will be involved; and

[(C) the institution's plan for identifying and recruiting participants including students enrolled in projects authorized under this subsection.

[(5) Students participating in research under a post-baccalaureate achievement project may receive stipends not to exceed $2,400 per annum.

[(6) No funds shall be allocated to projects authorized under this subsection until projects authorized by the other provisions of this subpart are allocated a minimum of $168,800,000, and if—

[(A) the funds so allocated equal or exceed $168,800,000, but are less than $215,000,000 funds allocated to projects authorized under this subsection may not exceed—

[(i) $1,000,000 in the fiscal year 1988,
[(ii) $2,000,000 in the fiscal year 1989,
[(iii) $3,000,000 in the fiscal year 1990, and
[(iv) $4,000,000 in the fiscal year 1991, and

[(B) the funds so allocated equal or exceed $215,000,000 funds allocated to projects authorized under this subsection may not exceed $5,000,000.]

* * * * * * *

EDUCATIONAL OPPORTUNITY CENTERS

SEC. 417E. (a) * * *

* * * * * * *

[(b) TUTORIAL AND COUNSELING SERVICES.—An educational opportunity center assisted under this subpart may provide, in addition to the services described in paragraphs (1) and (2) of subsection (a), tutorial and counseling services for persons participating in the project if such tutorial and counseling services are not otherwise available thorugh a project assisted under this subpart.]

(b) PERMISSIBLE SERVICES.—An educational opportunity center assisted under this subpart may provide services such as—

(1) public information campaigns designed to inform the community regarding opportunities for postsecondary education and training;

(2) academic advice and assistance in course selection;

(3) assistance in completing college admission and financial aid applications;

(4) assistance in preparing for college entrance examinations;

(5) guidance on high school reentry or entry into a general equivalency diploma (GED) program or other alternative education programs for high school dropouts;

(6) personal counseling;

(7) tutorial services; and

(8) career workshops and counseling.

* * * * * * *

STAFF DEVELOPMENT ACTIVITIES

SEC. 417F. For the purpose of improving the operation of the programs and projects authorized by this subpart, the Secretary is authorized to make grants to institutions of higher education and other public and private nonprofit institutions and organizations to provide training for staff and leadership personnel employed in, or preparing for employment in, such programs and projects. Such training shall include conferences, internships, seminars, workshops, and the publication of manuals designed to improve the operation of such programs and projects and shall be carried out in the various regions of the Nation in order to ensure that the training opportunities are appropriate to meet the needs in the local areas being served by such programs and projects. *Such training shall be offered annually for new directors of projects assisted under this subpart as well as annually on the following topics and other topics chosen by the Secretary;*

(1) Legislative and regulatory requirements for the operation of programs assisted under this subpart.

(2) Assisting students in receiving adequate financial aid from programs assisted under this title and other programs.

(3) The design and operation of model programs for projects assisted under this subpart.

Grants for the purposes of this section shall be made only after consultation with regional and State professional associations of persons having special knowledge with respect to the needs and problems of such programs and projects.

* * * * * * *

SEC. 417G. POSTBACCALAUREATE ACHIEVEMENT PROGRAM AUTHORITY.

(a) Program Authority.—

(1) In general.—The Secretary shall carry out a program to be known as the "Ronald E. McNair Postbaccalaureate Achievement Program" which shall be designed to motivate and prepare promising undergraduate students for doctoral study.

(2) Special rule.—The Secretary shall ensure that a significant number of projects assisted under this subsection provide students with summer research internships.

(b) Permissible Services.—A postbaccaulerate achievement project assisted under this section may provide services such as—

(1) opportunities for research or other scholarly activities at the institution or at graduate centers designed to provide students with effective preparation for doctoral study;

(2) summer internships;

(3) seminars and other educational activities designed to prepare students for doctoral study;

(4) tutoring;

(5) academic counseling; and

(6) activities designed to assist students participating in the project in securing admission to and financial assistance for enrollment in graduate programs.

(c) Requirements for Approval of Applications.—In approving applications for postbaccalaureate achievement projects assisted under this section for any fiscal year, the Secretary shall require—

(1) an assurance that not less than one-half of the individuals participating in the project proposed to be carried out under any application be low-income individuals who are first-generation college students;

(2) an assurance that the remaining persons participating in the project proposed to be carried out be from a group that is underrepresented in graduate education;

(3) an assurance that participants be enrolled in a degree program at an eligible institution in accordance with the provisions of section 487;

(4) an assurance that participants in summer research internships have completed their sophomore year in postsecondary education; and

(5) an assurance that summer internship, seminars and research activities assisted under this subpart are jointly developed, implemented and administered with the dean or other designated official of a related or cooperating graduate school, college or institution.

(d) SELECTION CRITERIA.—In addition to such other selection criteria as the Secretary may prescribe by regulations, the Secretary, in making awards to institutions under this subsection, shall consider—

(1) the quality of research and other scholarly activities in which students will be involved;

(2) the level of faculty involvement in the project and the description of the research in which students will be involved; and

(3) the institution's plan for identifying and recruiting participants including students enrolled in projects authorized under this subsection.

(e) MAXIMUM STIPENDS.—Students participating in research under a postbaccalaureate achievement project may receive stipends not to exceed $2,400 per annum.

(f) FUNDING.—From amounts appropriated pursuant to the authority of section 417A(c), the Secretary shall allocate funds for projects authorized by this section in an amount which is not less than $11,000,000 for each of the fiscal years 1993 through 1999.

SEC. 417H. EVALUATION FOR PROJECT IMPROVEMENT.

(a) IN GENERAL.—For the purpose of improving the operation of the programs and projects assisted under this subpart, the Secretary is authorized to make grants to and enter into contracts with institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the various programs assisted under this subpart in meeting the purposes described in this subpart.

(b) CONTENT.—The evaluations described in subsection (a) shall identify institutional, community and program practices particularly effective in increasing the access of low-income individuals and first-generation college students to postsecondary education, the preparation of such individuals and students for postsecondary education, and such individuals' and students' success in postsecondary education.

(c) RESULTS.—In order to improve program effectiveness, the results of the ongoing evaluations described in subsection (a) shall be disseminated by the Secretary to similar programs assisted under this subpart as well as other individuals concerned with the postsecondary access and retention of low-income individuals and first-generation college students.

SUBPART 5—SPECIAL PROGRAMS FOR STUDENTS WHOSE FAMILIES ARE ENGAGED IN MIDGRANT AND SEASONAL FARMWORK

MAINTENANCE AND EXPANSION OF EXISTING PROGRAMS

SEC. 418A. (a) * * *

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(b) * * *

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(1) recruitment services to reach persons who are [17 years of age and over,] *16 years of age and older, or are beyond the age of compulsory school attendance in the State in which such persons reside and are not enrolled in school,* who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork, and who lack a high school diploma or its equivalent;

* * * * * * *

(4) information concerning, and assistance in obtaining, available student financial aid;

* * * * * * *

(c) SERVICES PROVIDED BY COLLEGE ASSISTANCE MIGRANT PROGRAM.—*(1)* Services authorized by this subpart for the college assistance migrant program, *except as provided in paragraph (2), are limited to services that are necessary to assist migrant students in completing their first year of college, and* include—

[(1) outreach and recruitment services to reach persons who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork, and who meet the minimum qualifications for attendance at a college or university;]

(A) outreach and recruitment services to reach persons who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork or who have participated in programs under section 1201 of the Elementary and Secondary Education Act of 1965 or section 402 of the Job Training Partnership Act, and who meet the minimum qualifications for attendance at a college or university;

[(2)]*(B)* supportive and instructional services which include:

[(A)]*(i)* personal, academic, and career counseling as an ongoing part of the program;

[(B)]*(ii)* tutoring and academic skill building instruction and assistance;

[(C)]*(iii)* assistance with special admissions;

[(D)]*(iv)* health services; and

[(E)]*(v)* other services as necessary to assist students in completing program requirements;

[(3)]*(C)* assistance in obtaining student financial aid which includes, but is not limited to:

[(A)]*(i)* stipends;

[(B)]*(ii)* scholarships;

[(C)]*(iii)* student travel;

[(D)]*(iv)* career oriented work study;

[(E)]*(v)* books and supplies;

[(F)]*(vi)* tuition and fees;

[(G)]*(vii)* room and board; and

[(H)]*(viii)* other assistance necessary to assist students in completing their first year of college;

[(4)]*(D)* housing support for students living in institutional facilities and commuting students;

[(5)]*(E)* exposure to cultural events, academic programs, and other activities not usually available to migrant youth; and

[(6)]*(F)* other support services as necessary to ensure the success of eligible students.

(2) A receipt of a grant to operate a college assistance migrant program under this subpart shall provide followup services for migrant students after such students have completed their first year of college, and shall not use more than 10 percent of such grant for such followup services. Such followup services may include—

(A) monitoring and reporting the academic progress of students who participated in the project during such student's first year of college and during such student's subsequent years in college; and

(B) referring such students to on- or off-campus providers of counseling services, academic assistance, or financial aid.

* * * * * * *

(e) [THREE] *FIVE*-YEAR GRANT PERIOD; CONSIDERATION OF PRIOR EXPERIENCE.—Expect under extraordinary circumstances, the Secretary shall award grants for a [3-year] *5-year* period. For the purpose of making grants under this subpart, the Secretary shall consider the prior experience of service delivery under the particular project for which funds are sought by each applicant. Such prior experience shall be awarded the same level of consideration given this factor for applicants for programs authorized by subpart 4 of this part in accordance with section 417A(b)(2).

* * * * * * *

(g) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated for the high school equivalency program [$7,000,000] *$15,000,000* for fiscal year [1987] *1993* and such sums as may be necessary for each of the four succeeding fiscal years.

(2) There are authorized to be appropriated for the college assistance migrant program [$2,000,000] *$5,000,000* for fiscal year [1987] *1993* and such sums as may be necessary for each of the four succeeding fiscal years.

* * * * * * *

[ALLOCATION AMONG STATES

[SEC. 419D. From the sums appropriated pursuant to section 419K for any fiscal year, the Secretary shall allocate to each State having an agreement under section 419E—

[(1) $1,500 multiplied by the number of individuals in the State eligible for scholarships pursuant to section 419G(b), plus

[(2) $10,000, plus 5 percent of the amount to which a State is eligible under paragraph (1) of this section.]

SEC. 419D. ALLOCATION AMONG STATES.

(a) ALLOCATION FORMULA.—From the sums appropriated pursuant to the authority of section 419K for any fiscal year, the Secretary shall allocate to each State that has an agreement under section 419E an amount equal to $1,500 multiplied by the number of scholarships determined by the Secretary to be available to such State in accordance with subsection (b).

(b) NUMBER OF SCHOLARSHIPS AVAILABLE.—The number of scholarships to be made available in a State for any fiscal year shall bear the same ratio to the number of scholarships made available to all States as the State's population ages 5 through 17 bears to the population ages 5 through 17 in all the States, except that not less than 10 scholarships shall be made available to any State.

(c) USE OF CENSUS DATA.—For the purpose of this section, the population ages 5 through 17 in a State and in all the States shall be determined by the most recently available data, satisfactory to the Secretary, from the United States Bureau of the Census.

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AGREEMENTS

Sec. 419E. * * *

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(1) * * *

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(3) the State educational agency will conduct outreach activities to publicize the availability of scholarships under this subpart to all eligible students in the State, with particular emphasis on activities designed to assure that students from low-income and moderate-income families have access to the information on the opportunity for full participation in the scholarship program authorized by this subpart; *and*

(4) the State educational agency will pay to each individual in the State who is awarded a scholarship under this subpart $1,500 [at an awards ceremony in accordance with section 419I; and].

[(5) the State educational agency will use the amount of the allocation described in paragraph (2) of section 419D for administrative expenses, including the conduct of the awards ceremony required by section 419I.]

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SELECTION OF SCHOLARS

SEC. 419G. (a) * * *

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[(b) ADOPTION OF PROCEDURES.—The State educational agency shall adopt selection procedures which are designed to assure that 10 individuals will be selected from among residents of each congressional district in a State (and in the case of the District of Columbia and the Commonwealth of Puerto Rico not to exceed 10 individuals will be selected in such District or Commonwealth).]

(b) ADOPTION OF PROCEDURES.—The State educational agency shall adopt selection procedures designed to ensure an equitable geographic distribution of awards within the State.

* * * * * * *

(d) TIMING OF SELECTION.—The selection process shall be completed, and the awards made, prior to the end of each secondary school academic year.

* * * * * * *

AWARDS CEREMONY

[SEC. 419I. (a) LOCAL CEREMONY.—The State educational agency shall make arrangements to award scholarships under this subpart at a place in each State which is convenient to the individuals selected to receive such scholarships. To the extent possible, the award shall be made by Members of the Senate and Members of the House of Representatives (by the Delegate in the case of the District of Columbia and the Resident Commissioner in the case of the Commonwealth of Puerto Rico) who represent the State, Commonwealth, or District, as the case may be, from which the individuals come.

[(b) TIMING OF SELECTION.—The selection process shall be completed, and the awards made prior to the end of each secondary academic year.]

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AUTHORIZATION OF APPROPRIATIONS

SEC. 419K. There are authorized to be appropriated for this subpart [$8,000,000] *$10,000,000* for fiscal year [1987] 1993, and such sums as may be necessary for the [4 succeeding] *6 succeeding* fiscal years.

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[SUBPART 7—ASSISTANCE TO INSTITUTIONS OF HIGHER EDUCATION

[PAYMENTS TO INSTITUTIONS OF HIGHER EDUCATION

[SEC. 420. (a) COST OF EDUCATION PAYMENTS.—Each institution of higher education shall be entitled for each fiscal year to a cost-of-education payment in accordance with the provisions of this section.

[(b) COMPUTATION OF AMOUNT.—(1) The amount of the cost-of-education payment to which an institution shall be entitled under this section for a fiscal year shall be, subject to subsection (d), the amount determined under paragraph (2)(A) plus the amount determined under paragraph (2)(B).

[(2)(A)(i) The Secretary shall determine the amount to which an institution is entitled under this subparagraph on the basis of the total number of undergraduate students who are in attendance at the institution and the number of students who are also recipients of basic grants under subpart 1, in accordance with the following table:

[If the total number of students in attendance is—	[The amount of the grant is—
[Not over 1,000	[$500 for each recipient.
[Over 1,000 but not over 2,500	[$500 for each of 100 recipients; plus $400 for each recipient in excess of 100.
[Over 2,500 but not over 5,000	[$500 for each of 100 recipients; plus $400 for each recipient in excess of 100; plus $300 for each recipient in excess of 250.
[Over 5,000 but not over 10,000	[$500 for each of 100 recipients; plus $400 for each of 150 recipients in excess of 100; plus $300 for each of 250 recipients in excess of 250; plus $200 for each recipient in excess of 500.
[Over 10,000	[$500 for each of the 100 recipients; plus $400 for each of 150 recipients in excess of 100; plus $300 for each of 250 recipients in excess of 250; plus $200 for each of 500 recipients in excess of 500; plus $100 for each recipient in excess of 1,000.

[(ii) In any case where a recipient of a basic grant under subpart 1 attends an institution receiving a cost-of-education payment under this subpart on less than a full-time basis, the amount determined under this subparagraph with respect to the student shall be reduced in proportion to the degree to which that student is not attending on a full-time basis.

[(iii) If during any period of any fiscal year the funds available for making payments on the basis of entitlements established under this subparagraph are insufficient to satisfy fully all such entitlements, the amount paid with respect to each such entitlement shall be ratably reduced. When additional funds become available for such purpose, the amount of payment from such additional funds shall be in proportion to the degree to which each such entitlement is unsatisfied by the payments made under the first sentence of this division.

[(B)(i) The Secretary shall determine with respect to each institution an amount equal to the appropriate percent (specified on the table below) of the aggregate of)—

(I) supplemental educational opportunity grants under subpart 2;

(II) work-study payments under part C; and

(III) loans to students under part E;

made for such year to students who are in attendance at such institution. The Secretary shall determine such amounts on the basis of percentages of such aggregate, and the number of students in attendance at institutions during the most recent academic year ending prior to such fiscal year, in accordance with the following table:

[If the number of students in attendance at the institution is—	[The percentage of such aggregate shall be—
[Not over 1,000	[50 percent.
[Over 1,000 but not over 3,000	[46 percent.
[Over 3,000 but not over 10,000	[42 percent.
[Over 10,000	[38 percent.

[(ii) If during any period of any fiscal year the funds available for making payments on the basis of entitlements established under this subparagraph are insufficient to satisfy fully all such entitlements, the amount paid with respect to each such entitlement shall be ratably reduced. When additional funds become available for such purpose, the amount of payment from such additional funds shall be in proportion to the degree to which each such entitlement is unsatisfied by the payments made under the first sentence of this division.

[(3)(A) In determining the number of students in attendance at institutions of higher education under this subsection, the Secretary shall compute the full-time equivalent of part-time students.

[(B) The Secretary shall make a separate determination of the number of students in attendance at an institution of higher education and the number of recipients of basic grants at any such institution at each branch or separate campus of that institution located in a different community from the principal campus of that institution pursuant to criteria established by him.

[(c) APPLICATIONS; CONTENTS AND MANNER OF FILING.—An institution of higher education may receive a cost-of-education payment in accordance with this section only upon application therefor. An application under this section shall be submitted at such time or times, in such manner, and containing such information as the Secretary determines necessary to carry out his functions under this title, and shall—

[(1) set forth such policies, assurances, and procedures as will ensure that—

[(A) the funds received by the institution under this section will be used solely to defray instructional expenses in academically related programs of the applicant;

[(B) the funds received by the institution under this section will not be used for a school or department of divinity or for any religious worship or sectarian activity;

[(C) the applicant will expend, during the academic year for which a payment is sought, for all academically related programs of the institution, an amount equal to at least the average amount so expended during the 3 years preceding the year for which the grant is sought; and

[(D) the applicant will submit to the Secretary such reports as the Secretary may require by regulation; and

[(2) contain such other statement of policies, assurances, and procedures as the Secretary may require by regulation in order to protect the financial interests of the United States.

[(d) Apportionment of Appropriations.—(1) The Secretary shall pay to each institution of higher education for each fiscal year the amount to which it is entitled under this section.

[(2) Of the total sums appropriated to make payments on the basis of entitlements established under this section and to make payments under part D of title IX—

[(A) 45 percent shall be available for making payments on the basis of entitlements established under paragraph (2)(A) of subsection (a);

[(B) 45 percent shall be available for making payments on the basis of entitlements established under paragraph (2)(B) of subsection (a); and

[(C) 10 percent shall be available for making payments under part D of title IX.

[(3) No payments on the basis of entitlements established under paragraph (2)(A) of subsection (a) may be made during any fiscal year for which the appropriations for making grants under subpart 1 does not equal at least 50 percent of the appropriation necessary for satisfying the total of all entitlements established under such subpart. In no event shall, during any fiscal year, the aggregate of the payments to which this paragraph applies exceed that percentage of the total entitlements established under such paragraph (2)(A) which equals the percentage of the total entitlements established under subpart 1 which are satisfied by apppropriations for such purpose for that fiscal year.

[(e) Limitation on Appropriations.—No funds are authorized to be appropriated for this subpart for fiscal year 1987.]

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VETERANS EDUCATION OUTREACH PROGRAM

Sec. 420A. (a) Authorization of Appropriations.—There are authorized to be appropriated to carry out the provisions of this section $5,000,000 for fiscal year [1987] *1993*, and such sums as may be necessary for the 4 succeeding fiscal years.

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[Subpart 8—Special Child Care Services for Disadvantaged College Students

[SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS

[Sec. 420B. (a) Probram Authority.—Funds appropriated pursuant to subsection (c) shall be used by the Secretary to make grants to institutions of higher education to provide special child care services to disadvantaged students.

[(b) Applications.—Any institution wishing to receive a grant under this section shall submit an application to the Secretary. Such application shall include—

[(1) a description of the program to be established;

[(2) assurances by the applicant to the Secretary that—

[(A) not less than two-thirds of the participants in the program are low-income individuals;

[(B) the participants require the services to pursue successfully a program of education beyond high school;

[(C) the participants are enrolled at the institution which is the recipient of the grant;

[(D) all participants will receive sufficient assistance (under this subpart, other provisions of this title, or otherwise) to meet that student's full financial need for child care services related to such enrollment; and

[(E) the institution will meet such need of participants by providing child care through vouchers, contracted services, or direct provision of services; and

[(3) such information (and meet such conditions) as may be required by the Secretary.

[(c) Authorization of Appropriations.—There are authorized to be appropriated to carry out the purpose of this section, $10,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(d) Definition.—For purposes of this subpart, the term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using the criteria of poverty established by the Bureau of the Census.]

Subpart 8—Access Scholarships

SEC. 420B. PURPOSE.

It is the purpose of this subpart to award scholarships to encourage students to finish secondary school and obtain a college education, and to upgrade the course of study completed by our Nation's secondary school graduates.

SEC. 420C. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $100,000,000 for fiscal year 1995 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out provisions of this subpart, except that no amount is authorized to be appropriated to carry out the provisions of this subpart unless the amount appropriated in any fiscal year to carry out this part equals or exceeds the amount appropriated to carry out this part in the preceding fiscal year.

SEC. 420D. SCHOLARSHIP PROGRAM.

(a) In General.—The Secretary is authorized to award scholarships to eligible students in accordance with the provisions of this subpart.

(b) Period of Award.—Scholarships under this subpart shall be awarded for a period of 2 academic years.

(c) Use at Any Institution Permitted.—An eligible student awarded a scholarship under this subpart may use such scholarship stipend to attend any institution of higher education (as such term is defined in section 481(a)).

SEC. 420E. STUDENT ELIGIBILITY.

(a) Student Eligibility.—For the purpose of this subpart the term "eligible student" means an individual who—

(1) has participated in an early intervention program assisted under section 415F or subpart 4;

(2) is a graduate of a public or private secondary school or has the equivalent certificate of graduation as recognized by the State in which the eligible student resides;

(3) not later than 3 years after such individual graduates or obtains an equivalent certificate, has been admitted for enrollment or is enrolled at an institution of higher education;

(4) is eligible to receive a Pell Grant for the year in which the scholarship is awarded; and

(5) has demonstrated academic achievement and preparation for postsecondary education by taking college preparatory level coursework in the following areas while in secondary school or the equivalent:

(A) 4 years of English;
(B) 3 years of science;
(C) 3 years of mathematics;
(D) either—
  (i) 3 years of history; or
  (ii) 2 years of history and 1 year of social studies; and
(E) either—
  (i) 2 years of a foreign language; or
  (ii) 1 year of computer science and 1 year of a foreign language.

(b) LIMITATION.—For the purpose of this subpart the term "eligible student" does not include an individual who has been awarded an associate or baccalaureate degree.

(c) WAIVERS.—

(1) EARLY INTERVENTION PROGRAM PARTICIPATION.—The Secretary may waive the requirement described in paragraph (1) of subsection (a) in the first 3 academic years that scholarships are awarded under this subpart for any student who was unable to participate in an early intervention program assisted under section 415F or subpart 4 because such program was not available in the area in which such student resides.

(2) LIMITED-ENGLISH PROFICIENT STUDENTS.—The Secretary may waive the requirement described in subparagraph (E) of paragraph (5) for any limited-English proficient student who is fluent in a language other than English and is participating in a program to teach such student the English language.

SEC. 420F. EARLY INTERVENTION SCHOLARSHIP AGREEMENT.

(a) IN GENERAL.—In order for a student to receive a scholarship under this subpart, the State educational agency serving the State in which such child resides shall have entered into an agreement with the Secretary.

(b) CONTENTS.—Each agreement described in subsection (a) shall include provisions designed to ensure that—

(1) all secondary school students in the State have equal and easy access to the coursework described in section 420E(a)(5);

(2) the State educational agency has procedures in place to verify to the Secretary that students receiving a scholarship under this subpart have taken such coursework and that such

coursework has been of a college preparatory level, including a requirement that all secondary schools in the State issue a certificate to each eligible student certifying that such student has completed the necessary coursework to qualify for a scholarship under this subpart;

(3) the State educational agency has procedures in place to notify institutions of higher education of the availability of scholarships under this subpart, so that such institutions may award additional scholarships in concert with the scholarships received under this subpart; and

(4) the State educational agency has procedures in place to inform junior high school students and their families about the value of postsecondary education, the availability of student aid to meet college expenses, and the availability of scholarships under this subpart for students who take demanding courses, with particular emphasis on activities designed to ensure that students from low- and moderate-income families have access to such information.

(c) SPECIAL RULE.—The Secretary may allow a State to receive assistance under this subpart for students whose secondary schools do not offer the necessary coursework if such students take the required courses at another local secondary school or community college.

SEC. 420G. STIPENDS AND SCHOLARSHIP CONDITIONS.

(a) AMOUNT OF STIPEND.—

(1) IN GENERAL.—Each eligible student awarded a scholarship under this subpart shall receive a stipend for each academic year of study for which the scholarship is awarded in an amount equal to—

(A)(i) the costs of tuition and uniform compulsory fees (or in the case of students residing in States that pay the costs of tuition, the costs of room and board) normally charged a full-time student at a public institution of higher education located in the State in which such eligible student resides; minus

(ii) the amount of any Pell Grant awarded to such student for such academic year; or

(B) $1,000,

whichever is greater.

(2) PRO RATA REDUCTION.—If the amount appropriated pursuant to the authority of section 420C is insufficient to award stipends in accordance with paragraphs (1)(A) and (1)(B), then the Secretary shall make a pro rata reduction of the amount of stipends awarded pursuant to paragraphs (1)(A) and (1)(B).

(b) PELL RECIPIENT STATUS AND SATISFACTORY ACADEMIC PROGRESS.—In order to continue eligiblity for a scholarship under this subpart for the second year of post-secondary attendance, an eligible student shall maintain eligibility to receive a Pell Grant, including fulfilling the requirements for satisfactory academic progress as described in section 484(c).

(c) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—Scholarships awarded under this subpart, in combination with the Pell Grant and other student financial assistance, may not exceed the student's cost of attendance, as defined in section 472.

SEC. 420H. APPLICATION.

Each eligible student desiring a scholarship under this subpart shall submit an application to the Secretary at such time, in such matter and containing such information as the Secretary may reasonably require.

Subpart 9—Minority Science and Engineering Improvement Programs

CHAPTER 1—MINORITY SCIENCE IMPROVEMENT PROGRAM

SEC. 420I. PURPOSE; AUTHORITY.

(a) Purpose.—It is the purpose of this chapter to continue the authority of the Department to operate the Minority Institutions Science Improvement Program created under section 3(a)(1) of the National Science Foundation Act of 1950 and transferred to the Department by section 304(a)(1) of the Department of Education Organization Act of 1979.

(b) Authority.—The Secretary shall, in accordance with the provisions of this chapter, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvement in science and engineering education at predominantly minority institutions and to increase the participation of underrepresented ethnic minorities in scientific and technological careers.

SEC. 420J. GRANT RECIPIENT SELECTION.

(a) Establishment of Criteria.—Grants under this chapter shall be awarded on the basis of criteria established by the Secretary by regulations.

(b) Priorities To Be Given in Criteria.—In establishing criteria under subsection (a), the Secretary shall give priority to applicants which have not previously received funding from the Minority Institutions Science Improvement Program and to previous grantees with a proven record of success, as well as to applications that contribute to achieving balance among projects with respect to geographic region, academic discipline, and project type.

(c) Required Criteria.—In establishing criteria under subsection (a), the Secretary may consider the following selection criteria in making grants:

(1) plan of operation;
(2) quality of key personnel;
(3) budget and cost-effectiveness;
(4) evaluation plan;
(5) adequacy of resources;
(6) identification of need for the project;
(7) potential institutional impact of the project;
(8) institutional commitment to the project;
(9) expected outcomes; and
(10) scientific and educational value of the proposed project.

SEC. 420K. USE OF FUNDS.

(a) Types of Grants.—Funds appropriated to carry out this chapter may be made available as—

(1) institutional grants (as defined in section 420T(6));
(2) cooperative grants (as defined in section 420T(7));

(3) design projects (as defined in section 420T(8)); or

(4) special projects (as defined in section 420(9)).

(b) Authorized Uses for Each Type of Grant.—

(1) In general.—The authorized uses of funds made available as institutional grants include (but are not limited to)—

(A) faculty development programs; or

(B) development of curriculum materials.

(2) Cooperative grants.—The authorized uses of funds made available as cooperative grants include (but are not limited to)—

(A) assisting institutions in sharing facilities and personnel;

(B) disseminating information about established programs in science and engineering;

(C) supporting cooperative efforts to strengthen the institutions' science and engineering programs; or

(D) carrying out a combination of any of the activities described in paragraphs (A) through (C).

(3) Design projects.—(A) The authorized uses of funds made available as design projects include (but are not limited to)—

(i) developing planning, management, and evaluation systems; or

(ii) developing plans for initiating scientific research and for improving institutions' capabilities for such activities.

(B) Funds used for design project grants may not be used to pay more than 50 percent of the salaries during any academic year of faculty members involved in the project.

(4) Special projects.—The authorized uses of funds made available as special projects include (but are not limited to)—

(A) advanced science seminars;

(B) science faculty workshops and conferences;

(C) faculty training to develop specific science research or education skills;

(D) research in science education;

(E) programs for visiting scientists;

(F) preparation of films or audio-visual materials in science;

(G) development of learning experiences in science beyond those normally available to minority undergraduate students;

(H) development of pre-college enrichment activities in science; or

(I) any other activities designed to address specific barriers to the entry of minorities into science.

SEC. 420L. MULTIAGENCY STUDY OF MINORITY SCIENCE PROGRAMS.

The Secretary, in cooperation with the heads of other departments and agencies that operate programs similar in purposes to the Minority Science Improvement Program which seek to increase minority participation and representation in scientific fields, shall submit a report to the President and Congress summarizing and evaluating such programs by January 1, 1996.

CHAPTER 2—SCIENCE AND ENGINEERING ACCESS PROGRAMS

SEC. 420M. MINORITY SUPPORT IN SCIENCE AND ENGINEERING PROGRAMS.

The Secretary shall, in accordance with the provisions of this chapter, carry out a program of making grants to institutions of higher education that are designed to provide or improve support programs for minority students enrolled in science and engineering programs at institutions with a significant minority enrollment (at least 10 percent).

SEC. 420N. SPECIAL SERVICE PROJECTS PROGRAM.

The Secretary shall, in accordance with the provisions of this chapter, carry out a program of making grants to institutions of higher education that are designed to provide or improve support to accredited colleges and universities and professional scientific societies for a broad range of activities designed to eliminate or reduce specific barriers to the entry of minorities into science and technology.

SEC. 420O. SUPPORTABLE ACTIVITIES.

Funds appropriated for the purpose of this chapter may be made available for—

(1) providing needed services to groups of minority institutions or providing training for scientists and engineers from eligible minority institutions;

(2) providing needed services to groups of institutions serving significant numbers of minority students or providing training for scientists and engineers from such institutions to improve their ability to train minority students in science and engineering;

(3) assisting minority institutions to improve the quality of preparation of their students for graduate work or careers in science, mathematics, and technology;

(4) improving access of undergraduate students at minority institutions to careers in the sciences, mathematics, and engineering;

(5) improving access of minority students to careers in the science, mathematics, and engineering;

(6) improving access for pre-college minority students to careers in science, mathematics, and engineering through community outreach programs conducted through colleges and universities eligible for support through the Minority Science and Engineering Improvement Programs;

(7) disseminating activities, information, and educational materials designed to address specific barriers to the entry of minorities into science and technology, and conducting activities and studies concerning the flow of underrepresented ethnic minorities into scientific careers;

(8) supporting curriculum models to encourage minority student participation in research careers in science, mathematics, and technology; and

(9) improving the capability of minority institutions for self-assessment, management, and evaluation of their science, math-

ematics, and engineering programs and dissemination of their results.

CHAPTER 3—ADMINISTRATIVE AND GENERAL PROVISIONS

SEC. 420P. ELIGIBILITY FOR GRANTS.

Eligibility to receive grants under this subpart is limited to—

(1) public and private nonprofit institutions that are minority institutions (as defined in section 420T(3));

(2) nonprofit science-orientd organizations, professional scientific societies, and all nonprofit, accredited colleges and universities which provide a needed service to a group of eligible minority institutions or which provide in-service training for project directors, scientists, and engineers from eligible minority institutions; and

(3) for the purposes of section 420N, public and private nonprofit institutions that have at least 10 percent minority enrollment.

SEC. 420Q. GRANT APPLICATION.

(a) SUBMISSION AND CONTENTS OF APPLICATIONS.—An eligible applicant (as determined under section 420P) that desires to receive a grant under this subpart shall submit to the Secretary an application therefor at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth—

(1) a program of activities for carrying out one or more of the purposes described in section 420I(b) in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purpose or purposes; and

(2) such other policies, procedures, and assurances as the Secretary may require by regulation.

(b) APPROVAL BASED ON LIKELIHOOD OF PROGRESS.—The Secretary shall approve an application only if the Secretary determines that the application sets forth a program of activities which are likely to make substantial progress toward achieving the purposes of this subpart.

(c) CONTINUING ELIGIBILITY.—In order to remain eligible to receive financial assistance under this subpart in any fiscal year after the first fiscal year in which financial assistance under this subpart is received, a grant recipient shall demonstrate to the Secretary in the application submitted pursuant to this section that such recipient is making reasonable progress toward achieving the goals of the project for which assistance is sought.

SEC. 420R. CROSS PROGRAM AND CROSS AGENCY COOPERATION.

The Minority Science and Engineering Improvement Programs shall cooperate and consult with other programs within the Department and within Federal, State, and private agencies which carry out programs to improve the quality of science, mathematics, and engineering education.

SEC. 420S. ADMINISTRATIVE PROVISIONS.

(a) TECHNICAL STAFF.—The Secretary shall appoint without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not less than 2 techni-

cal employees with appropriate scientific and educational background to administer the programs under this subpart who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(b) PROCEDURS FOR GRANT REVIEW.—The Secretary shall establish procedures for reviewing and evaluating grants and contracts made or entered into under such programs. Procedures for reviewing grant applications, based on the peer review system, or contracts for financial assistance under this subpart may not be subject to any review outside of officials responsible for the administration of the Minority Science and Engineering Improvement Programs.

SEC. 402T. DEFINITIONS.

For the purpose of this subpart:

(1) ACCREDITED.—The term "accredited" means currently certified by a nationally recognized accrediting agency or making satisfactory progress toward achieving accreditation.

(2) MINORITY.—The term "minority" means American Indian, Alaskan Native, Black (not of Hispanic origin), Hispanic (including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin), Pacific Islander or other ethnic group underrepresented in science and engineering.

(3) MINORITY INSTITUTION.—The term "minority institution" means an institution of higher education whose enrollment of a single minority or a combination of minorities (as defined in paragraph (2)) exceeds 50 percent of the total enrollment. The Secretary shall verify this information from the data on enrollments in the higher education general information surveys (HEGIS) furnished by the institution to the Office for Civil Rights, Department of Education.

(4) SCIENCE.—The term "science" means, for the purpose of this program, the biological, engineering, mathematical, physical, and social sciences, and history and philosophy of science; also included are interdisciplinary fields which are comprised of overlapping areas among two or more sciences.

(5) UNDERREPRESENTED IN SCIENCE AND ENGINEERING.—The term "underrepresented in science and engineering" means a minority group whose number of scientists and engineers per 10,000 population of that group is substantially below the comparable figure for scientists and engineers who are white and not of Hispanic origin.

(6) INSTITUTIONAL GRANT.—The term "institutional grant" means a grant that supports the implementation of a comprehensive science improvement plan, which may include any combination of activities for improving the preparation of minority students for careers in science.

(7) COOPERATIVE GRANT.—The term "cooperative grant" means a grant that assists groups of nonprofit accredited colleges and universities to work together to conduct a science improvement program.

(8) DESIGN PROJECTS.—The term "design projects" means projects that assist minority institutions that do not have their

own appropriate resources or personnel to plan and develop long-range science improvement programs.

(9) SPECIAL PROJECTS.—The term "special projects" means—

(A) a special project grant to a minority institution which supports activities that—

(i) improve the quality of training in science and engineering at minority institutions; or

(ii) enhance the minority institutions' general scientific research capabilities; or

(B) a special project grant to any eligible applicant which supports activities that—

(i) provide a needed service to a group of eligible minority institutions; or

(ii) provide in-service training for project directors, scientists, and engineers from eligible minority institutions.

SEC. 420U. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out the purposes of this subpart, $7,500,000 for fiscal year 1993, and such sums as may be necessary for the 6 succeeding fiscal years.

(b) APPROPRIATION LIMITATION.—For any fiscal year, 50 percent of the funds under this subpart shall be allocated for the purpose of section 420I, 33.33 percent for the purpose of section 420M, and 16.67 percent for the purpose of section 420N.

Subpart 10—National Science Scholars Program

SEC. 420W. PURPOSE; APPROPRIATIONS AUTHORIZED.

(a) PURPOSE.—It is the purpose of this subpart to—

(1) establish a National Science Scholars Program to recognize student excellence and achievement in the physical, life, and computer sciences, mathematics, and engineering;

(2) provide financial assistance to students under paragraph (1) to continue their postsecondary education in such fields of study at sustained high levels of performance;

(3) contribute to strengthening the leadership of the United States in such fields;

(4) strengthen the United States mathematics, science, and engineering base by offering opportunities to pursue postsecondary education in life, physical, and computer sciences, mathematics, and engineering;

(5) encourage role models in scientific, mathematics, and engineering fields for young people;

(6) strengthen the United States mathematics, scientific, and engineering potential by encouraging equal participation of women with men in mathematics, scientific, and engineering fields; and

(7) attract talented students to teaching careers in mathematics and science in elementary and secondary schools.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Department of Education $4,500,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years for awards to National Science Scholars.

SEC. 420X. SCHOLARSHIPS AUTHORIZED.

(a) PROGRAM AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this subpart, to carry out a program of awarding scholarships to students for the study of the physical, life, or computer sciences, mathematics, or engineering, who—

(1) are selected by the President;

(2) have demonstrated outstanding academic achievement in the physical, life, or computer sciences, mathematics, or engineering; and

(3) show promise of continued outstanding academic performance in such field of study.

(b) PERIOD OF AWARDS.—

(1) PERIOD OF INITIAL AWARD.—A student who satisfies the requirements of section 420Z(a) may receive a scholarship, for a period of 1 academic year, for the first year of undergraduate study at an institution of higher education.

(2) CONTINUATION AWARDS.—A student who satisfies the requirements of section 420Z(b) may receive additional scholarships, each awarded for a period of 1 academic year, in order to complete his or her undergraduate course of study. A student may receive additional scholarships for not more than 3 academic years of undergraduate study, except that, in the case of a student who is enrolled in an undergraduate course of study that requires attendance for 5 academic years, the student may receive additional scholarships for not more than 4 academic years of undergraduate study.

(c) USE AT ANY INSTITUTION PERMITTED.—A student awarded a scholarship under this subpart may attend any institution of higher education as defined in section 1210(a).

(d) NATIONAL SCIENCE SCHOLARS.—Students awarded scholarships under this subpart shall be known as "National Science Scholars".

SEC. 420Y. SELECTION OF SCHOLARS.

(a) SELECTION CRITERIA FOR INITIAL AWARDS.—

(1) SELECTION CRITERIA.—The Director of the National Science Foundation shall develop and submit to the Secretary proposed criteria to be used in the selection of National Science Scholars for initial year awards under section 420X(b)(1). Such criteria shall provide for the selection of such scholars on the basis of potential to successfully complete a postsecondary program in the physical, life, or computer sciences, mathematics, or engineering, and on the basis of motivation to pursue a career in such fields. In addition, consideration may be given to the financial need of the individual, and to promoting participation by minorities and individuals with disabilities. The Director shall determine the proposed criteria for measuring the potential and motivation of nominees.

(2) PUBLICATION.—The Secretary and the Director shall agree to, and jointly publish in the Federal Register, appropriate selection criteria.

(b) NOMINATING COMMITTEE.—Each State desiring to qualify its students for selection as a National Science Scholar shall establish a nominating committee. Such committee shall be appointed by the *chief State school officer or by an existing grant agency or panel designated by such officer, and shall be approved by the Secretary. The nominating committee shall be a broad-based committee composed of educators, scientists, and engineers, who shall serve as volunteers without compensation.*

(2) Nominations.—The nominating committee in each State shall submit to the President the nominations of at least four individuals from each congressional district in the State, at least half of whom are female. Such selections shall be ranked in order of priority.

(3) Selection.—The President, after consultation with the Secretary and the Director of the National Science Foundation, shall select two National Science Scholars for each academic year from each congressional district, at least one of whom shall be female.

(4) Announcement and award of scholarships.—The selection process shall be completed, and the announcement of the selection of National Science Scholars shall be made by the President prior to January 1 of each fiscal year. The Secretary shall notify each Member of Congress of selections made from such Member's district and State before the public announcement by the President. Presentation of scholarships may be made in a public ceremony.

(5) Congressional district.—For purposes of this subsection, the term "congressional district" includes the part or all of a State (within the meaning of section 1201(b)) represented by a Member or Delegate of the House of Representatives, and includes the Commonwealth of the Northern Mariana Islands.

(c) Continuation Awards.—The Secretary shall award additional scholarships under section 420X(b)(2) to recipients of initial awards under section 420X(b)(1) whom the Secretary determines meet the requirements of section 420Z(b).

(d) Disbursal of Scholarship Proceeds.—Scholarship proceeds shall be disbursed on behalf of students who receive scholarships under this subpart to the institutions of higher education at which the students are enrolled. No scholarship proceeds shall be disbursed on behalf of a student until the student is enrolled at an institution of higher education.

(e) Special Rule.—The Director and the Secretary shall encourage the support and assistance of civic groups, the business community, professional associations, institutions of higher education, and others in providing scholarship assistance to National Science Scholarship finalists.

SEC. 420Z. ELIGIBILITY OF SCHOLARS.

(a) Requirements for Initial Award.—To be eligible to receive a scholarship under section 420X(b)(1), a student shall—

(1) be scheduled to graduate from a public or private secondary school, or to obtain the equivalent of a certificate of graduation (as recognized by the State in which the student resides), during the school year in which the award is made;

(2) be a citizen or national of the United States or the entities set forth in section 420Y(b)(5), or be an alien lawfully admitted to the United States for permanent residence;

(3) have demonstrated outstanding academic achievement in secondary school in physical, life, or computer sciences, mathematics, or engineering;

(4) have been accepted for enrollment at an institution of higher education as a full-time undergraduate student (as determined by the institution); and

(5) have declared a major in one of the physical, life, or computer sciences, mathematics, or engineering, or provided a written statement to the State of the student's intent to major in one of these fields of study, if it is the policy of the institution at which the student has been accepted for enrollment that students not declare a major until a later point in their course of study.

(b) Requirements for Continuation Awards.—A student who has received a scholarship under section 420X(b)(1) may receive a scholarship for a subsequent academic year of undergraduate education under section 420X(b)(2) if the student—

(1) maintains a high level of academic achievement, as determined in accordance with the regulations of the Secretary;

(2) continues to major in, or provides a statement to the State as described in subsection (a)(5) of the student's continuing intent to major in, one of the physical, life, or computer sciences, mathematics, or engineering; and

(3) continues to be enrolled at an institution of higher education as a full-time undergraduate student (as determined by the institution).

(c) Waiver of Full-Time Attendance Requirement.—The Secretary may waive the full-time attendance requirements in this section in unusual circumstances.

(d) Failure To Meet Eligibility Requirements.—In the event that the student fails to meet the requirements of this section, the student's eligibility to receive further scholarships (or scholarship proceeds) under this subpart shall be suspended in accordance with the regulations of the Secretary.

(e) Reinstatement of Eligibility.—The Secretary shall determine circumstances under which eligibility of a scholarship recipient under this subpart may be reinstated if the recipient seeks to reenter school after an interruption of schooling for personal reasons, including, but not limited to, pregnancy, child-rearing, and other family responsibilities.

(f) Notification of Secondary Schools.—The Secretary shall notify all public and private secondary schools and all institutions of higher education in each State annually of the availability of scholarships under this subpart.

SEC. 420AA. SCHOLARSHIP AMOUNT.

(a) Amount of Award.—Except as provided in subsections (b) and (c), the amount of a scholarship awarded under this subpart for any academic year shall be $5,000.

(b) Relation to Cost of Attendance.—Notwithstanding subsection (a), the amount of a scholarship awarded under this subpart shall be reduced by the amount that the scholarship exceeds the student's cost of attendance, as defined in section 472. A scholarship awarded under this subpart shall not be reduced on the basis of the

student's receipt of other forms of Federal student financial assistance, but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

(c) Adjustments for Insufficient Appropriations.—In the event that funds available in a fiscal year are insufficient to fully fund all awards under this subpart, the amount paid to each student shall be reduced proportionately.

SEC. 420BB. SUMMER EMPLOYMENT OPPORTUNITIES FOR SCHOLARS.

(a) Priority for Summer Employment.—To the extent that they are otherwise qualified, students receiving scholarships under this subpart shall be given priority consideration for federally financed summer employment in federally funded research and development centers, that, to the maximum extent practicable, complements and reinforces the educational program of these students.

(b) Federal Agency Cooperation.—Federal agencies shall cooperate fully with the Secretary and participate actively in providing appropriate summer employment opportunities for such students.

Subpart 11—Special Child Care Services for Disadvantaged College Students

SEC. 420C. SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS.

(a) Program Authority.—Funds appropriated pursuant to subsection (c) shall be used by the Secretary to make grants to institutions of higher education to provide special child care services to disadvantaged students.

(b) Applications.—Any institution wishing to receive a grant under this section shall submit an application to the Secretary. Such application shall include—

(1) a description of the program to be established;

(2) assurances by the applicant to the Secretary that—

(A) not less than two-thirds of the participants in the program are low-income individuals;

(B) the participants require the services to pursue successfully a program of education beyond high school;

(C) the participants are enrolled at the institution which is the recipient of the grant;

(D) all participants will receive sufficient assistance (under this subpart, other provisions of this title, or otherwise) to meet that student's full financial need for child care services related to such enrollment; and

(E) the institution will meet such need of participants by providing child care through vouchers, contracted services, or direct provision of services; and

(3) such information (and meet such conditions) as may be required by the Secretary.

(c) Authorization of Appropriations.—There are authorized to be appropriated to carry out the purpose of this section, $25,000,000 for fiscal year 1993, and such sums as may be necessary for the 6 succeeding fiscal years.

(d) Definition.—For purposes of this subpart, the term "low-income individual" means an individual from a family whose tax-

able income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using the criteria of poverty established by the Bureau of Census.

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LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE

Sec. 425. (a) Annual and Aggregate Limits.—

(1) Annual limits.—(A) The total of loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this part may not exceed—

[(i) $2,625, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education;

[(ii) $4,000, in the case of a student who has successfully completed such first and second year but who has not successfully completed the remainder of a program of undergraduate education; or

[(iii) $7,500, in the case of a graduate or professional student (as defined in regulations of the Secretary).]

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) $3,000, if such student is carrying at least the normal full-time academic work load (as determined by the institution);

(II) $2,250, if such student is carrying three-quarters of the normal full-time academic work load (as determined by the institution); or

(III) $1,500, if such student is carrying at least one-half of the normal full-time academic work load (as determined by the institution);

(ii) in the case of a student at an eligible institution who has successfully completed such first year but has not successfully completed the second year of undergraduate study—

(I) $3,500 is such student is carrying at least the normal full-time academic work load (as determined by the institution);

(II) $2,250, if such student is carrying at least three-quarters of the full-time academic work load (as determined by the institution); or

(III) $1,750, if such student is carrying at least one-half of the normal full-time work load (as determined by the institution);

(iii) in the case of a student at an eligible institution who has successfully completed such second year but has not successfully completed the remainder of a program of undergraduate study—

(I) $5,500, if such student is carrying at least the normal full-time academic work load (as determined by the institution);

(II) $3,750, if such student is carrying at least three-quarters of the full-time academic work load (as determined by the institution); or

(III) $2,500, if such student is carrying at least one-half of the full-time academic work load (as determined by the institution); or

(iv) $9,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary), except—

(I) in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education or in programs of study abroad that are approved for credit by the institution; and

(II) that the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit.

* * * * * * *

(2) AGGREGATE LIMITS.—(A) The aggregate insured unpaid principal amount for all such insured loans made to any student shall not at any time exceed—

[(i) $17,250, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section 428A or 428B; and

[(ii) $54,750, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this part, or by a guaranty agency, made to such person before he or she became a graduate or professional student), excluding loans made under section 428A or 428B.]

(i) $23,000, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section 428A or 428B; and

(ii) $68,000, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this section, or by a guaranty agency, made to such student before the student became a graduate or professional student), excluding loans made under section 428A or 428B, except that the Secretary may increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive.

except that the aggregate insured unpaid principal amount for all loans insured under this part and part E made to any student minus any interest capitalized under section 428A(c) shall be any amount not to exceed a maximum of $52,000, in the case of any student who has not successfully completed a program of undergraduate education, and $115,000, in the case of any grad-

uate or professional student (as defined by regulations issued by the Secretary and including any loans which are insured by the Secretary under this part and part E, or by a guaranty agency, made to such student before the student became a graduate or professional student), excluding loans made under section 428B.

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ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF FEDERALLY INSURED STUDENT LOANS

SEC. 427. (a) * * *

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[(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by the borrower would not, under the applicable law, create a binding obligation, endorsement may be required;**]**

(A) is made without security and without endorsement, except that prior to making a loan insurable by the Secretary under this part a lender may—

(i) obtain a credit report, from at least one national credit bureau organization, with respect to a loan applicant who is an independent student for the award year for which assistance is being sought, and for which the lender shall not charge the applicant a fee; and

(ii) require an applicant described in clause (i) who, in the judgment of the lender and in accordance with the regulations issued by the Secretary, has an adverse credit history, to obtain a credit worthy cosigner in order to obtain the loan, except that, for purposes of this clause, an insufficient or nonexistent credit history shall not be considered to be an adverse credit history;

* * * * * * *

(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

(i) during which the borrower (I) is pursuing a full-time course of study **[**at an eligible institution**]** *as determined by an institution eligible for assistance under this part*; (II) is pursuing at least a half-time course of study as determined by such institution) **[**during an enrollment period for which the student has obtained a loan under this part**]**, or (III) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary, except that no borrower shall be eligible for a deferment under this clause, or a loan made under this part (other than a loan made under

428B or 428C), while serving in a medical internship or residency program;

* * * * * * *

(G)(i) contains a notice of the system, of disclosure of information concerning such loan to credit bureau organizations under section 430A, and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such organizations; [and]

(H) requires the lender (or the holder of the loan) to notify the borrower not later than 180 days after the lender is notified that the borrower has left the eligible institution of the month in which the repayment period begins; and

[(H)]*(I)* contains such other terms and conditions, consistent with the provisions of this part and with the regulations issued by the Secretary pursuant to this part, as may be agreed upon by the parties to such loan, including, if agreed upon, a provision requiring the borrower to pay the lender, in addition to principal and interest, amounts equal to the insurance premiums payable by the lender to the Secretary with respect to such loans;

(3) the funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this title shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check, *and except further, that checks to students who are studying outside the United States in a program of study abroad that is approved for credit by the home institution may be endorsed pursuant to an authorized power-of-attorney*; and

* * * * * * *

APPLICABLE INTEREST RATES

SEC. 427A. (a) * * *

* * * * * * *

(4) AVAILABILITY OF VARIABLE RATES.—(A) For any loan made pursuant to section 428A or 428B and disbursed on or after July 1, 1987 *through June 30, 1993*, or any loan made pursuant to such section prior to such date that is refinanced pursuant to section 428A(d) or 428B(d), the applicable rate of interest during any 12-month period beginning on July 1 and ending on June 30 shall be determined [under subparagraph (B)] *under subparagraph (C)*, except that such rate shall not exceed 12 percent.

(B) For any loan made pursuant to sections 428A or 428B to cover the cost of instruction for any period of enrollment beginning on or after July 1, 1993, or any loan made pursuant to such sections prior to such date that is refinanced pursuant to sections 428A(d) or 428B(d), the applicable rate of interest during any 12-month period beginning on July 1 and ending on

June 30 shall be determined under subparagraph (C), except that such rate shall not exceed 11 percent.

[(B)] *(C)* For any 12-month period beginning on July 1 and ending on June 30, the rate determined under this subparagraph is determined on the preceding June 1 and is equal to—

(i) the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to such June 1; plus

(ii) 3.25 percent.

[(C)] *(D)* The Secretary shall determine the applicable rate of interest [under subparagraph (B)] *under subparagraph (C)* after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

(d) Interest Rates for New Borrowers After July 1, 1988 *and before July 1, 1993.*—Notwithstanding subsections (a) and (b) of this section, with respect to any loan (other than a loan made pursuant to sections 428A, 428B, and 428C) to cover the cost of instruction for any period of enrollment beginning on or after July 1, 1988 *and ending before July 1, 1993,* to any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, the applicable rate of interest shall be—

* * * * * * *

(e) Treatment of Excess Interest Payments on New Borrower Accounts Resulting From Decline in Treasury Bill Rates.—

(1) In general.—If, with respect to a loan *made to cover the cost of instruction for any period of enrollment beginning on or after July 1, 1988 and ending before July 1, 1993* for which the applicable interest rate is 10 percent under subsection (d) of this section at the close of any calendar quarter, the sum of the average of the bond equivalent rates of 91-day Treasury bills auctioned for that quarter and 3.25 percent in less than 10 percent, then an adjustment shall be made to a borrower's account—

* * * * * * *

(f) Interest Rates for New Borrowers After July 1, 1993.—

(1) In general.—Notwithstanding subsections (a) and (b) of this section, with respect to any loan (other than a loan made pursuant to sections 428A, 428B and 428C) to cover the cost of instruction for any period of enrollment beginning on or after July 1, 1993, to any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, the applicable rate of interest shall be—

(A) 9 percent per year on the unpaid principal balance of the loan during the period beginning on the date of the disbursement of the loan and ending 4 years after the commencement of repayment; and

(B) during the remainder of the repayment period, the applicable rate of interest during any 12-month period beginning on July 1 and ending on June 30 shall be determined on the preceding June 1 and is equal to—

(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(ii) 3.25 percent, except that such rate shall not exceed 11 percent.

(2) Consultation.—The Secretary shall determine the applicable rate of interest under paragraph (1) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

[(f)**]** *(g)* Lesser Rates Permitted.—Nothing in this section or section 428C shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

[(g)**]** *(h)* Definitions.—For the purpose of subsections (a) and (d) of this section—

* * * * * * *

FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS

Sec. 428. (a) * * *

* * * * * * *

(III) gets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 428G; **[**and**]**

(ii) meet the requirements of subparagraph (B)**[**.**]***; and*

(iii) have provided to the lender at the time of application for a loan made, insured, or guaranteed under this part, the student's drivers license number, if any.

* * * * * * *

[(i) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A (as determined in accordance with section 484(b)), subpart 2 of part A, and parts C and E of this title, and any amount paid the student under chapters 32, 34, and 35 of title 38, United States Code, plus other scholarship, grant, or loan assistance; and

[(ii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall be calculated by subtracting from the estimated cost of attendance at the eligible institution the total of the expected family contribution with respect to such student plus any estimated financial assistance reasonably available to such student.**]**

(i) a student's estimated financial assistance means, for the period for which the loan is sought, the amount

of assistance such student will receive under subpart 1 of part A (as determined in accordance with section 484(b)), subpart 2 of part A, and parts C and E of this title, and any veterans' education benefits paid because of enrollment in a postsecondary education institution, including benefits received under chapters 2, 106 and 107 of title 10, United States Code, and chapters 30, 31, 32, 34 and 35 of title 38, United States Code.

(ii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall be calculated in accordance with part F.

* * * * * * *

(b) INSURANCE PROGRAM AGREEMENTS TO QUALIFY LOANS FOR INTEREST SUBSIDIES.—

(1) * * *

* * * * * * *

[(A) authorizes the insurance in any academic year or its equivalent (as determined under regulations of the Secretary) for any student who is carrying at an eligible institution at least one-half the normal full-time academic workload (as determined by the institution) in any amount up to a maximum of—

[(i) $2,625, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education;

[(ii) $4,000, in the case of a student who has successfully completed such first and second year but who has not successfully completed the remainder of a program of undergraduate education; and

[(iii) $7,500, in the case of a graduate or professional student (as defined in regulations of the Secretary);

except in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education, but the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit;]

(A) authorizes the insurance in any academic year or its equivalent of an amount not to exceed—

(i) in the case of a student at an eligible institution (or in a program of study abroad approved for credit by the eligible institution) who has not successfully completed the first year of a program of undergraduate education—

(I) $3,000, if such student is carrying at least the normal full-time academic work load (as determined by the institution);

(II) $2,250, if such student is carrying three-quarters of the normal full-time academic work load (as determined by the institution); or

(III) $1,500, if such student is carrying at least one-half of the normal full-time academic work load (as determined by the institution);

(ii) in the case of a student at an eligible institution who has successfully completed such first year but has not successfully completed the second year of undergraduate study—

(I) $3,500 if such student is carrying at least the normal full-tme academic work load (as determined by the institution);

(II) $2,250, if such student is carrying at least three-quarters of the full-time academic work load (as determined by the institution); or

(III) $1,750, if such student is carrying at least one-half of the normal full-time work load (as determined by the institution);

(iii) in the case of a student at an eligible institution (or in a program of study abroad approved for credit by the eligible institution) who has successfully completed such second year but has not successfully completed the remainder of a program of undergraduate study—

(I) $5,500, if such student is carrying at least the normal full-time academic work load (as determined by the institution);

(II) $3,750, if such student is carrying at least three-quarters of the full-time academic work load (as determined by the institution); or

(III) $2,500, if such student is carrying at least one-half of the full-time academic work load (as determined by the institution); and

(iv) $9,000, in the case of a graduate or professional student (as defined in regulations of the Secretary, except that—

(I) in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education; and

(II) the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit;

[(B) provides that the aggregate insured unpaid principal amount for all such insured loans made to any student shall be any amount up to a maximum of—

[(i) $17,250, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section 428A or 428B; and [(ii) $54,750, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this part, or by a guaranty agency, made to such student before the student became a graduate or professional student), excluding loans made under section 428A or 428B;

except that the Secretary may increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive;]

(B) provides that the aggregate insured unpaid principal amount for all such insured loans made to any student shall be any amount not to exceed—

(i) $23,000, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section 428A or 428B; and

(ii) $68,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary and including any loans which are insured by the Secretary under this section, or by a guaranty agency, made to such student before the student became a graduate or professional student), excluding loans made under section 428A or 428B, except that the Secretary may increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive;

except that the aggregate insured unpaid principal amount for all loans insured under this part and part E made to any student minus any interest capitalized under section 428A(c) shall be any amount not to exceed a maximum of $52,000, in the case of any student who has not successfully completed a program of undergraduate education, and $115,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary and including any loans which are insured by the Secretary under this part and part E, or by a guaranty agency, made to such student before the student became a graduate or professional student), excluding loans made under section 428B;

* * * * * *

(D) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan, (ii) except as provided in subparagraph (M) of this paragraph *and subsection (c)(3) of this section*, the repayment period of any insured loan may not exceed 10 years, and (iii) the note or other written evidence of any loan, may contain such reasonable provisions relating to repayment in the event of default by the borrower as may be authorized by regulations of the Secretary in effect at the time such note or written evidence was executed;

* * * * * *

[(M) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

[(i) during which the borrower (I) is pursuing a full-time course of study as determined by an eligible institution, (II) is pursuing at least a half-time course of study (as determined by such institution) for which the student has obtained a loan under this part, or is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary, except that no borrower shall be eligible for a deferment under this clause, or loan made under this part (other than a loan made under 428B or 428C), while serving in a medical internship or residency program;

[(ii) not in excess of 3 years during which the borrower is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

[(iii) not in excess of 3 years during which the borrower is in service as a volunteer under the Peace Corps Act;

[(iv) not in excess of 3 years during which the borrower is in service as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

[(v) not in excess of 3 years during which the borrower is in service, comparable to the service referred to in clauses (iii) an (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986;

[(vi) not in excess of 3 years during which the borrower is engaged as a full-time teacher in a public or nonprofit elementary or secondary school in a teacher shortage area established by the Secretary pursuant to paragraph (4) of this subsection;

[(vii) not in excess of 2 years during which the borrower is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service or serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training;

[(viii) not in excess of 3 years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled;

[(ix) not in excess of 24 months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment;

[(x) not in excess of 6 months of parental leave, and

[(xi) not in excess of 12 months for mothers with pre-school age children who are just entering or reentering the work force and who are compensated at a rate not exceeding $1 in excess of the rate prescribed under section 6 of the Fair Labor Standards Act of 1938;]

(M)(i) for loans made on or before June 30, 1993, provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

(I) during which the borrower (aa) is pursuing a full-time course of study as determined by an eligible institution, (bb) is pursuing at least a half-time course of study (as determined by such institution), or (cc) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary, except that no borrower shall be eligible for a deferment under this clause, or loan made under this part (other than a loan made under 428B or 428C), while serving in a medical internship or residency program;

(II) not in excess of 3 years during which the borrower is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

(III) not in excess of 3 years during which the borrower is in service as a volunteer under the Peace Corps Act;

(IV) not in excess of 3 years during which the borrower is in service as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

(V) not in excess of 3 years during which the borrower is in service, comparable to the service referred to in subclauses (II) and (IV), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986;

(VI) not in excess of 3 years during which the borrower is engaged as a full-time teacher in a public or nonprofit private elementary or secondary school in a teacher shortage area established by the Secretary pursuant to paragraph (4) of this subsection;

(VII) not in excess of 2 years during which the borrower is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service or serving in an internship or residency program leading to a degree or certificate awarded by an

institution of higher education, a hospital, or a health care facility that offers postgraduate training;

(VIII) not in excess of 3 years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled;

(IX) not in excess of 24 months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment;

(X) not in excess of 6 months of parental leave; and

(XI) not in excess of 12 months for mothers with preschool age children who are just entering or reentering the work force and who are compensated at a rate not exceeding $1 in excess of the rate prescribed under section 6 of the Fair Labor Standards Act of 1938;

(ii) for loans made on or after July 1, 1993, provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

(I) during which the borrower—

(aa) is pursuing a full-time course of study as determined by an eligible institution;

(bb) is pursuing at least a half-time course of study (as determined by such institution); or

(cc) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary, except that no borrower shall be eligible for a deferment under this clause, or loan made under this part (other than a loan made under 428B or 428C), while serving in a medical internship or residency program;

(II) not in excess of 3 years during which the borrower is seeking and unable to find-time employment;

(III) not in excess of 3 years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled; and

(IV) not in excess of 3 year during which the borrower is working full-time and is earning at or below 100 percent of the poverty line for a family of 2 as determined in accordance with section 673(2) of the Community Service Block Grant Act;

(N) provides that funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this title shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check and except in the case of attendance at an institution outside the United States, the funds shall be delivered directly to the student or may be endorsed pursuant to an authorized power-of-attorney;

* * * * * * *

(U) provides (i) for the eligibility of all lenders described in section 435(d)(1) under reasonable criteria, unless (I) that lender is eliminated as a lender under regulations for the emergency action limitation, suspension, or termination of a lender under the Federal student loan insurance program or is eliminated as a lender pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility as a lender issued under the Federal student loan insurance program, or (II) there is a State constitutional prohibition affecting the eligibility of a lender, and (ii) assurances that the guaranty agency will report to the Secretary concerning changes in such criteria, including any procedures in effect under such program to take emergency action limit, suspend, or terminate lenders; **[**and**]**

[(V)(i) provides that, upon written request, a leader shall grant a borrower forbearance, renewable at 12-month intervals for a period equal to the length of time remaining in the borrower's medical or dental internship or residency program, on such terms as are otherwise consistent with the regulations of the Secretary and agreed upon in writing by the parties to the loan, with the approval of the insurer, if the borrower—

> **[**(I) is serving in a medical or dental internship or residency program, the successful completion of which is required to begin professional practice or service, or is serving in a medical or dental internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training; and
>
> **[**(ii) has exhausted his or her eligibility for a deferment under section 427(a)(2)(C)(vii) or subparagraph (M)(vii) of this paragraph; and

[(ii) provides that no administrative or other fee may be charged in connection with the granting of a forbearance under clause (i), and that no adverse information regarding a borrower may be reported to a credit bureau organization solely because of the granting of a forbearance under clause (i).**]**

(V) provides that, upon written request, a lender shall grant a borrower forbearance of principal and interest, renewable at 12-month intervals for a period not to exceed 3 years, on such terms as are otherwise consistent with the regulations of the Secretary and agreed upon in writing by the parties to the loan, with the approval of the insurer if

the borrower's debt burden equals or exceeds 20 percent of gross income;

(W) provides that prior to making a loan made, insured, or guaranteed under this part (other than a loan made in accordance with section 428(C), a lender may—

(i) obtain a credit report, from at least 1 national credit bureau organization, with respect to a loan applicant who is an independent student for the award year for which assistance is being sought, for which the lender shall not charge a fee; and

(ii) require an applicant of the age specified in clause (i) who, in the judgment of the lender in accordance with the regulations of the Secretary, has an adverse credit history, to obtain a credit worthy co-signer in order to obtain the loan, except that, for purposes of this clause, an insufficient or nonexistent credit history shall not be considered to be an adverse credit history; and

(X) provides that the agency shall implement all requirements of the Secretary for uniform claims and procedures.

(2) CONTENTS OF INSURANCE PROGRAM AGREEMENT.—Such an agreement shall—

(A) * * *

* * * * * * *

(C) provide for making such reports, in such form and containing such information **[**, as the Secretary may reasonably require to carry out the Secretary's functions under this part,**]** *, including financial information, as the Secretary may reasonably require to carry out the Secretary's functions under this part and protect the financial interests of the United States,* and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports;

* * * * * * *

(ii) with regard to a guaranty program of a State which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period of time covered by such audit; **[**and**]**

(E) *(i)* provide that any guaranty agency may transfer loans which are insured under this part to any other guaranty agency with the approval of the holder of the loan and such other guaranty agency**[**.**]** *; and*

(ii) provide that the lender (or the holder of the loan) shall notify the borrower not later than 180 days after the lender is notified that the borrower has left the eligible institution of the month in which the repayment period begins.

(F) provide that the lender shall be required to notify promptly the borrower, the guaranty agency, and, upon the request of an institution of higher education, the guaranty

agency shall be required to notify the last such institution the student attended prior to the beginning of repayment of any loan made under this part, of—

(i) any sale or other transfer of the loan to another holder; and

(ii) the address and telephone number by which contact may be made with such other holder concerning repayment of the loan,

except that this subparagraph shall only apply if the borrower is in the grace period described in section 427(a)(2)(B) or in repayment status and if such sale or transfer results in the student being required to make payments, or to direct other matters concerned with the loan, to a person other than the person to whom such payments were made or such matters were directed before such sale or transfer.

* * * * * * *

(7) RESTRICTIONS ON GUARANTY AGENCY OFFICERS AND EMPLOYEES.—No guaranty agency shall permit any of its officers or employees to have a direct financial interest in, or serve as an officer of, any lender, secondary market, contractor or servicer with which the guaranty agency does business.

* * * * * * *

(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—

(1) AUTHORITY TO ENTER INTO AGREEMENTS.—(A) The Secretary may enter into a guaranty agreement with any guaranty agency, whereby the Secretary shall undertake to reimburse it, under such terms and conditions as the Secretary may establish, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal and accrued interest of any insured loan. The guaranty agency shall, subject to section 422(e), be deemed to have a contractual right against the United States, during the life of such loan, to receive reimbursement according to the provisions of this subsection. Upon receipt of an accurate and complete request by a guaranty agency for reimbursement with respect to such losses, the Secretary shall pay promptly and without administrative delay. Except as provided in subparagraph (B) of this paragraph and in paragraph (7), the amount to be paid a guaranty agency as reimbursement under this subsection shall be equal to 100 percent of the amount expended by it in discharge of its insurance obligation incurred under its loan insurance program. In no case shall a guaranty agency file a claim under this subsection for reimbursement with respect to losses prior to 270 days after the loan becomes delinquent with respect to any installment thereon[.] *or 45 days after the guaranty agency discharges such agency's insurance obligation on the loan, whichever is later.*

[(B) Notwithstanding subparagraph (A)—

[(i) if, for any fiscal year, the amount of such reimbursement payments by the Secretary under this subsection exceeds 5 percent of the loans which are insured by such guaranty agency under such program and which were in repayment at the end of the preceding fiscal year, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 90 percent of the amount of such excess; and

[(ii) if, for any fiscal year, the amount of such reimbursement payments exceeds 9 percent of such loans, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 80 percent of the amount of such excess.]

(B) Notwithstanding subparagraph (A)—

(i) if, for any fiscal year, the amount of such reimbursement payments by the Secretary under this subsection exceeds 5 percent of the amount of the loans which are insured by such guaranty agency under such program and which were in repayment at the end of the preceding fiscal year, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 90 percent of the amount of such excess;

(ii) if, for any fiscal year, the amount of such reimbursement payments exceeds 9 percent of such loans, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 80 percent of such excess; and

(iii) if, with respect to the end of any fiscal year, a guaranty agency is being reimbursed at the level described in clause (i) or (ii), the initial reimbursement payments by the Secretary with respect to the beginning of the next succeeding fiscal year shall be calculated at such level until the Secretary determines, based on data submitted by the guaranty agency, that such guaranty agency meets the requirements of this subsection for reimbursement at a different level. Upon the Secretary's determination, the reimbursement payments by the Secretary shall be adjusted accordingly, including any underpayment or overpayment of the initial reimbursement payments.

* * * * * * *

(2) CONTENTS OF GUARANTY AGREEMENTS.—The guaranty agreement—

(A) * * *

* * * * * * *

(D)*(i)* shall provide that if, after the Secretary has made payment under the guaranty agreement pursuant to paragraph (1) of this subsection with respect to any loan, any payments are made in discharge of the obligation incurred by the borrower with respect to such loan (including any payments of interest accruing on such loan after such payment by the Secretary), there shall be paid over to the Secretary (for deposit in the fund established by section 431) such proportion of the amounts of such payments as is determined (in accordance with paragraph (6)) to represent his equitable share thereof, but [(i)] *(i)* shall provide for subrogation of the United States to the rights of any insurance beneficiary only to the extent required for the purpose of paragraph (8); and [(ii)] *(ii)* except as the Secretary may otherwise by or pursuant to regulation provide, amounts so paid by a borrower on such a loan shall be first applied in reduction of principal owing on such loan; *and*

(ii) shall provide that a guaranty agency that receives reimbursement payment from the Secretary shall, at the Secretary's discretion and promptly and without administrative delay, assign to the Secretary the promissory note for the loan on which such payment has been made;

* * * * * * *

(F) set forth adequate assurances that the guaranty agency will not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the guaranty agency, length of the borrower's educational program, or the borrower's academic year in school; [and]

(G) shall prohibit the Secretary from making any reimbursement under this subsection to a guaranty agency when a default claim is based on an inability to locate the borrower, unless the guaranty agency, at the time of filing for reimbursement, demonstrates to the Secretary that diligent attempts have been made to locate the borrower through the use of all available skip-tracing techniques; and

[(G)] *(H)* may include such other provisions as may be necessary to promote the purpose of this part.

(3) FORBEARANCE.—A guaranty agreement under this subsection—

(A) shall contain provisions providing for forbearance in accordance with subsection (b)(1)(V) for the benefit of the student borrower serving in a medical or dental internship or residency program; and

(B) may, to the extent provided in regulations of the Secretary, contain provisions that permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer.

Such regulations shall not preclude guaranty agencies from permitting the parties to such a loan from entering into a forbearance agreement solely because the loan is in default. *The Secretary shall permit lenders to exercise administrative forbearances that do not require the agreement of the borrower under conditions authorized by the Secretary, that shall include forbearances for borrowers who are delinquent at the time of the granting of an authorized period of deferment under section 428(b)(1)(M) or 427(a)(2)(C).*

* * * * * * *

(7) NEW PROGRAMS ELIGIBLE FOR 100 PERCENT REINSURANCE.—(A) Notwithstanding paragraph **[**(1)(B)**]** *(1)(C)*, the amount to be paid a guaranty agency for any fiscal year—

(i) which begins on or after October 1, 1977 *and ends before October 1, 1993*; and

* * * * * * *

(B) Notwithstanding the provisions of paragraph (1)(C), the Secretary may pay a guaranty agency 100 percent of the amount expended by such agency in discharge of such agency's insurance obligation for any fiscal year which—

(i) begins on or after October 1, 1991; and

(ii) is the fiscal year in which such guaranty agency begins to actively carry on a student loan insurance program which is subject to a guaranty agreement under subsection (b) or is one of the 4 succeeding fiscal years.

[(B)**]** *(C)* The Secretary shall continuously monitor the operations of those guaranty agencies to which the provisions of subparagraph (A) *or (B)* are applicable and revoke the application of such subparagraph to any such guaranty agency which the Secretary determines has not exercised reasonable prudence in the administration of such program.

* * * * * * *

(10) GUARANTY AGENCY RESERVE LEVEL.—(A) Each guaranty agency which has entered into an agreement with the Secretary pursuant to this subsection shall maintain a current minimum reserve level of at least .5 percent of the total amount of all outstanding loans guaranteed by such agency in every calendar quarter beginning with the calendar quarter that starts on January 1, 1993. The minimum reserve level shall increase to—

(i) .7 percent of such total amount in every calendar quarter beginning with the calendar quarter that starts on January 1, 1994;

(ii) .9 percent of such total amount in every calendar quarter beginning with the calendar quarter that starts on January 1, 1995; and

(iii) 1.1 percent of such total amount in every calendar quarter beginning with the calendar quarter that starts on January 1, 1996.

(B) The Secretary shall collect, on a quarterly basis, information from each guaranty agency having an agreement under this subsection to enable the Secretary to evaluate the financial solvency of each such agency. The information collected shall include the level of such agency's current reserves, cash disbursements and accounts receivable.

(C) If any guaranty agency falls below the required minimum reserve level in any 2 consecutive calendar quarters, any guaranty agency's Federal reimbursement payments are reduced to 80 percent pursuant to section 428(c)(1)(B)(ii), or the Secretary determines that the administrative or financial condition of a guaranty agency jeopardizes such agency's continued ability to perform its responsibilities under its guaranty agreement, then the Secretary shall require the guaranty agency to submit and

implement a management plan acceptable to the Secretary within 30 working days of any such event.

(D) Each management plan described in subparagraph (C) shall include the means by which the guaranty agency shall improve its financial and administrative condition to the required level within 18 months.

(E) The Secretary may terminate a guaranty agency's agreement in accordance with subparagraph (F) if—

(i) a guaranty agency required to submit a management plan under this paragraph fails to submit a plan that is acceptable to the Secretary;

(ii) the Secretary determines that a guaranty agency has failed to improve substantially its administrative and financial condition; or

(iii) if the Secretary determines that the guaranty agency is in danger of financial collapse.

(F) Except as provided in subparagraph (G), if a guaranty agency's agreement under this subsection is terminated in accordance with subparagraph (E), then the Secretary shall assume responsibility for all functions of the guaranty agency under the loan insurance program of such agency. In performing such functions the Secretary is authorized to:

(i) Permit the transfer of guaranties to another guaranty agency.

(ii) Revoke the reinsurance agreement of the guaranty agency at a specified date, so as to require the merger, consolidation or termination of the guaranty agency.

(iii) Transfer guaranties to the Department for the purpose of payment of such claims and process such claims using the claims standards of the guaranty agency, if such standards are determined by the Secretary to be in compliance with this Act.

(iv) Design and improve a plan to restore the guaranty agency's viability.

(v) Take any other action the Secretary determines necessary to ensure the continued availability of loans made under this part to residents of the State or States in which the guaranty agency did business, the full honoring of all guarantees issued by the guaranty agency prior to the secretary's assumption of the functions of such agency, and the proper servicing of loans guaranteed by the guaranty agency prior to the Secretary's assumption of the functions of such agency, and to avoid disruption of the student loan program.

(G) The Secretary may not take any action under subparagraph (F) against any guaranty agency that is backed by the full faith and credit of the State where such guaranty agency is the primary guarantor.

(H) The Secretary shall not take any action under subparagraph (F) without giving the guaranty agency notice and the opportunity for a hearing.

* * * * * * *

(f) PAYMENTS OF CERTAIN COSTS.—

(1) * * *

* * * * * * *

(i) the administrative cost of promotion of **[**commercial**]** *eligible* lender participation;

* * * * * * *

(B) **[**The total**]** *Except as provided in paragraph (3), the total* amount of payments for any fiscal year made under this paragraph shall be equal to 1 percent of the total principal amount of the loans upon which insurance was issued under this part during such fiscal year by such guaranty agency. The guaranty agency shall, subject to section 422(e), be deemed to have a contractual right against the United States to receive payments **[**according to the provisions of this subparagraph**]** *according to the provisions of this subsection.* Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefor under this subparagraph.

* * * * * * *

(3) Provision of financial information.—The Secretary is authorized to reduce or withhold payments under this subsection until the guaranty agency provides the information required under subsection (c)(2)(B).

(j) Lenders-of-Last-Resort.—In each State, the guaranty agency or an eligible lender in the State described in section 435(d)(1)(D) of this Act shall make loans directly, or through an agreement with an eligible lender or lenders, to students eligible to receive interest benefits paid on their behalf under subsection (a) of this section who are otherwise unable to obtain loans under this part. Loans made under this subsection shall not exceed the amount of the need of the borrower, as determined under subsection (a)(2)(B), nor be less than $200. The guaranty agency shall consider the request of any eligible lender, as defined under section 435(d)(1)(A) of this Act, to serve as the lender-of-last-resort pursuant to this subsection. *The guaranty agency shall develop rules and operating procedures for the lender of last resort program designed to assure that—*

(A) the program establishes operating hours and means for application designed to facilitate application by students;

(B) information about the availability of loans under the program is available to institutions of higher education in the State; and

(C) appropriate steps are taken to assure that borrowers receiving loans under the program are appropriately counseled on their loan obligation.

[(k) Information on Defaults.—**]***(k) Exchange of Information on Defaulted Borrowers.—*

(1) Provision of information to eligible institutions.—Notwithstanding any other provision of law, in order to notify eligible institutions of former students who are in default of their continuing obligation to repay student loans, each guaranty agency shall **[**, upon the request of an eligible institution,**]** furnish information with respect to students who were

enrolled at the eligible institution and who are in default on the repayment of any loan made, insured, or guaranteed under this part. The information authorized to be furnished under this subsection shall include the names and addresses of such students.

* * * * * * *

(3) Borrower location information.—Any information provided by the institution relating to borrower location shall be used by the guaranty agency in contracting the borrower for the purpose of encouraging loan repayment.

* * * * * * *

SUPPLEMENTAL LOANS FOR STUDENTS

Sec. 428A.(a) Authority To Borrow.—

(1) Student eligibility.—Graduate and professional students (as defined by regulations of the Secretary) and undergraduate independent students shall be eligible to borrow funds under this section in amounts specified in subsection (b), and unless otherwise specified in subsections (c) and (d), loans under this section shall have the same terms, conditions, and benefits as all other loans made under this part. In addition, undergraduate dependent students shall be eligible to borrow funds under this section if the financial aid administrator determines, after review of the financial information submitted by the student and considering the debt burden of the student, that exceptional circumstances will likely preclude the student's parents from borrowing under section 428B for purposes of the expected family contribution and that the student's family is otherwise unable to provide such expected family contribution *or if the financial aid administrator determines after such a review that the dependent student can demonstrate the ability to repay the loan (which may include obtaining a credit-worthy cosigner)*. If the financial aid administrator makes such a determination, appropriate documentation of such determination shall be maintained in the institution's records to support such determination. No student who is admitted on the basis of the ability to benefit from the education or training provided by the institution (as determined under section 484(d)) shall be eligible to borrow funds under this section until such student has obtained a certificate of high school equivalency or a high school diploma.

(2) Institutional eligibility.—Funds may not be borrowed under this section by any undergraduate student who is enrolled at any institution during any fiscal year if the **[**cohort**]** *annual* default rate for such institution, for the most recent fiscal year for which such rates are available, equals or exceeds 30 percent. The Secretary shall notify institutions to which such restriction applies annually, and specify the fiscal year covered by the restriction. The Secretary shall afford any institution to which such restriction applies an opportunity to present evidence contesting the accuracy of the calculation of the **[**cohort**]** *annual* default rate for such institution.

(b) LIMITATIONS ON AMOUNTS OF LOANS.—

[(1) ANNUAL LIMIT.—Subject to paragraphs (2) and (3), the maximum amount a student may borrow in any academic year or its equivalent (as defined by regulation by the Secretary), or in any period of 7 consecutive months, whichever is longer, is $4,000, except that in the case of a student who has not successfully completed the first year of a program of undergraduate education and who is not enrolled in a program that is at least one academic year in length, as determined in accordance with regulations prescribed by the Secretary, such maximum amount shall be—

[(A) $2,500 for a student who is determined, in accordance with such regulations, to be enrolled in a program whose length is at least ⅔ of an academic year;

[(B) $1,500 for a student who is determined, in accordance with such regulations, to be enrolled in a program whose length is less than ⅔, but at least ⅓, of an academic year; and

[(C) zero for a student who is determined, in accordance with such regulations, to be enrolled in a program whose length is less than ⅓ of an academic year.]

(1) ANNUAL LIMIT.—Subject to paragraphs (3) and (4), the maximum amount a student may borrow in any academic year or its equivalent (as defined by regulations issued by the Secretary), or in any period of 7 consecutive months, whichever is longer is:

(A) In the case of a student at an eligible institution who has not successfully completed the second year of a program of undergraduate education—

(i) $4,000, if such student is carrying at least the normal full-time academic work load (as determined by the institution);

(ii) $3,000, if such student is carrying three-quarters of the normal full-time academic work load (as determined by the institution); or

(iii) $2,000, if such student is carrying one-half of the normal full-time academic work load (as determined by the institution).

(B) In the case of a student at an eligible institution who has successfully completed such second year but who has not successfully completed the remainder of a program of undergraduate education—

(i) $5,000, if such student is carrying at least the full-time academic work load (as determined by the institution);

(ii) $3,750, if such student is carrying three-quarters of the full-time academic work load (as determined by the institution); or

(iii) $2,500, if such student is carrying one-half of the full-time academic work load (as determined by the institution).

(C) In the case of a graduate or professional student (as defined in regulations issued by the Secretary) at an eligible institution $15,000.

[(2) AGGREGATE LIMIT.—The aggregate insured principal amount for insured loans made to any student under this section, exclusive of interest capitalized under subsection (c), shall not exceed $20,000.]

(2) SPECIAL RULE.—Notwithstanding paragraph (1), (3) and (4), in the case of a student who has not successfully completed the first year of a program of undergraduate education and who is not enrolled in a program that is at least 1 academic year in lenght as determined in accordance with regulations issued by the Secretary, the maximum amount a student may borrow in any academic year or its equivalent (as defined by regulations issued by the Secretary), or in any period of 7 consecutive months, whichever is longer, is—

(A) $2,500 for a student who is determined, in accordance with such regulations, to be enrolled in a program whose lenght is at least two-thirds of an academic year;

(B) $1,500 for a student who is determined, in accordance with such regulations, to be enrolled in a program whose lenght is less than two-thirds, but at least one-half, of an academic year; and

(C) zero for a student who is determined, in accordance with such regulations, to be enrolled in a program whose lenght is less than one-half of an academic year.

(3) AGGREGATE LIMIT.—The aggregate insured principal amount for insured loans made to any student under this section (excluding any loans made under section 428B) minus any interest capitalized under subsection (c) shall be an amount not to exceed—

(A) $23,000, in the case of any student who has not successfully completed a program of undergraduate education; and

(B) $30,000, in the case of any graduate or professional student, as such terms are defined by regulations issued by the Secretary, including any loans which are insured by the Secretary under this section, or by a guaranty agency, made to such student before the student became a graduate or professional student;

except that the aggregate insured unpaid principal amount for all loans insured under this part and part E minus any interest capitalized under subsection (c) made to any student shall be any amount not to exceed a maximum of $52,000, in the case of any student who has not successfully completed a program of undergraduate education, and $115,000, in the case of any graduate or professional student, as such terms are defined in regulations issued by the Secretary, including any loans which are insured by the Secretary under this part of part E, or by a guaranty agency, made to such student before the student became a graduate or professional student.

* * * * * * *

(c) PAYMENT OF PRINCIPAL AND INTEREST.—

[(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, or, if the loan is disbursed in multiple installments, not later than 60 days after the disbursement of the last such installment, subject to deferral pursuant to sections 427(a)(2)(C) and 428(b)(1)(M).]

(1) COMMENCEMENT OF REPAYMENT.—(A) Except as provided in subparagraph (B), repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, or, if the loan is disbursed in multiple installments, not later than 60 days after the disbursement of the last such installment.

(B) Loans made under this section may be subject to deferral pursuant to sections 427(a)(2)(C) and 428(b)(1)(M), and any loans which are deferred under section 427(a)(2)(C)(i) or 428(b)(1)(M)(i), may be subject, upon borrower request, to a single postdeferment grace period of 6 months.

(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section which are disbursed in installments or, for which payments of principal are deferred under sections 427(a)(2)(C)(i) and 428(b)(1)(M)(i), shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly or (B) be added to the principal amount of the loan [on a quarterly basis] *not more frequently than quarterly* by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.

* * * * * * *

(6) REPAYMENT PERIOD.—For purposes of calculating the 10-year repayment period under section 428(b)(1)(D), such period shall commence at the time the first payment is due from the borrower.

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PLUS LOANS

SEC. 428B. (a) * * *

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(b) LIMITATIONS ON AMOUNTS OF LOANS.—

(1) ANNUAL LIMIT.—Subject to paragraphs (2) and (3), the maximum amount parents may borrow for one student in any academic year or its equivalent (as defined by regulation of the Secretary) is [$4,000] *$6,000.*

(2) AGGREGATE LIMIT.—The aggregate insured principal amount for insured loans made to parents on account of a student shall not exceed [$20,000] *$30,000.*

* * * * * * *

(c) PAYMENT OF PRINCIPAL AND INTEREST.—

[(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, subject to deferral (A) during any period during which the parent meets the conditions required for a deferral under clause (i), (viii), or (ix) of section 427(a)(2)(C) or 428(b)(1)(M); and (B) during any period during which the borrower has a dependent student for whom a loan obligation was incurred under this section and who meets the conditions required for a deferral under clause (i) of either such section.**]**

(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, subject to deferral during any period during which the parent meets the conditions required for a deferral under section 427(a)(2)(C) or 428(b)(1)(M).

(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are deferred pursuant to paragraph (1) of this subsection shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly or (B) be added to the principal amount of the loan **[**on a quarterly basis**]** *not more frequently than quarterly* by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.

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CONSOLIDATION LOANS

SEC. 428C. (a) AGREEMENTS WITH ELIGIBLE LENDERS.—

(1) * * *

* * * * * * *

[(B) An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section except with respect to eligible student loans received after the date of receipt of the consolidation loan. Loans made under this section shall, to the extent used to discharge loans made under this title, be counted against the applicable limitations on aggregate indebtedness contained in sections 425(a)(2), 428(b)(1)(B), 428A(b)(2), and 464(a)(2). Nothing in this subparagraph shall be interpreted to authorize the Secretary to require lenders, holders, or guarantors of consolidation loans to receive, to maintain, or to make reports with respect to pre-existing records relating to any eligible student loan (as defined under section 428C(a)(4)) discharged by a borrower in receiving a consolidation loan.**]**

(B) An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section, except—

(i) with respect to eligible student loans received after the date of receipt of the consolidation loan; and

(ii) that loans received prior to the date of the consolidation loan may be added to the consolidation loan during the 180-day period following the making of the consolidation loan.

(C)(i) A married couple, each of whom has eligible student loans, may be treated as if such couple were an individual borrowing under subparagraphs (A) and (B) if such couple agrees to be held jointly and severally liable for the repayment of a consolidation loan, without regard to the

amounts of the respective loan obligations that are to be consolidated, and without regard to any subsequent change that may occur in such couple's marital status.

(ii) Only one spouse in a married couple applying for a consolidation loan under this subparagraph need meet any of the requirements of subsection (b) of this section, except that each spouse shall—

(I) individually make the initial certification that no other application is pending in accordance with subsection (b)(1)(A); and

(II) agree to notify the holder concerning any change of address in accordance with subsection (b)(4).

* * * * * * *

(i) [is equal to or greater than $5,000 but less than $7,500] *is less than $5,000,* then such consolidation loan shall be repaid in not more than 10 years;

(ii) is equal to or greater than [$7,500] *$5,000* but less than $10,000, then such consolidation loan shall be repaid in not more than 12 years;

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DEFAULT REDUCTION PROGRAM

SEC. 428F. (a) PROGRAM REQUIREMENTS.—

(1) * * *

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(c) FULL-TIME LOAN SPECIALIST REQUIRED IN CERTAIN CASES.—Each eligible institution which—

(1) has a default rate in excess of the national average default rate of all eligible institutions; or

(2) has a principal amount of loans in default in excess of $1,000,000 for any fiscal year,

shall employ a full-time equivalent loan specialist to assist students at such eligible institution to avoid defaulting on loans made, insured, or guaranteed under this part.

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REQUIREMENTS FOR DISBURSEMENT OF STUDENT LOANS

SEC. 428G. (a) * * *

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(b) DISBURSEMENT AND ENDORSEMENT REQUIREMENTS.—

(1) FIRST YEAR STUDENTS.—The first installment of the proceeds of any loan made, insured, or guaranteed under this part that is made to a student borrower who is entering the first year of a program of undergraduate education, and who has not previously obtained a loan under this part, shall not (regardless of the amount of such loan or the duration of the period of enrollment) be presented by the institution to the student for endorsement until 30 days after the borrower begins a course of study, but may be delivered to the eligible institution prior to the end of that 30-day period. *No institution shall*

impose a late fee, drop from enrollment or otherwise penalize any student solely because an installment of the proceeds of such student's loan under this part is being delayed pursuant to the provisions of this paragraph.

* * * * * * *

(g) Sales Prior to Disbursement Prohibited.—An eligible lender shall not sell a promissory note for any loan made, insured, or guaranteed under this part until all proceeds of such loan have been disbursed.

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DEFAULT OF STUDENT UNDER FEDERAL LOAN INSURANCE PROGRAM

Sec. 430. (a) * * *

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(e) Default Rate by Lender and Guaranty Agency.—

(1) In general.—The Secretary shall annually publish a list indicating the annual default rate (determined in accordance with section 435(m)) for each lender and guaranty agency participating in the program assisted under this part and an average annual default rate for all institutions of higher education within each State.

(2) Regulations.—The Secretary shall prescribe regulations designed to prevent an institution from evading the application to that institution of an annual default rate through the use of such measures as branching, consolidation, change of ownership or control, or any similar device.

(3) Rate establishment and correction.—

(A) In general.—The Secretary shall establish an annual default rate for lenders and guaranty agencies (determined in accordance with section 435(m)), except that the rate for lenders shall not reflect any loans issued in accordance with section 428(j). The Secretary shall allow institutions, lenders, and guaranty agencies the opportunities to correct such annual default rate information.

(B) Study.—The Secretary shall study the feasibility of requiring the disclosure by institutions, lenders, and guaranty agencies of additional information that may affect the annual default rate, such as institutional type, State, students served by the organization, and accrediting body (where applicable).

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REPORTS TO CREDIT BUREAUS AND INSTITUTIONS OF HIGHER EDUCATION

Sec. 430A. (a) * * *

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(f) * * *

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(1) 7 years from the date on which the Secretary or the agency paid a claim to the holder on the guaranty, **[or]**

(2) with regard to an account on a loan on which the Secretary or the guaranty agency has paid a claim but not reported the account to a consumer reporting agency on or before October 1, 1985, 7 years from that date[.], *and*

(3) in the case of a borrower who reenters repayment after defaulting on a loan and subsequently goes into default on such loan a second time, 7 years from the date the loan entered default the second time.

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LEGAL POWERS AND RESPONSIBILITIES

SEC. 432. (a) GENERAL POWERS.—In the performance of, and with respect to, the functions, powers, and duties, vested in him by this part, the Secretary may—

(1) prescribe such regulations *pursuant to section 494A* as may be necessary to carry out the purposes of this part;

* * * * * * *

(g) CIVIL PENALTIES.—

(1) * * *

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[(2) LIMITATIONS.—No civil penalty may be imposed under paragraph (1) of this subsection unless it is determined that the violation, failure, or substantial misrepresentation referred to in that paragraph resulted from—

[(A)(i) a clear and consistent pattern or practice of violations, failures, or substantial misrepresentations in which the lender or guaranty agency did not maintain procedures reasonably adapted to avoid the violation, failure, or substantial misrepresentation;

[(ii) gross negligence; or

[(iii) willful actions on the part of the lender or guaranty agency; and

[(B) the violation, failure or substantial misrepresentation is material.

[(3) CORRECTION OF FAILURE.—A lender or guaranty agency has no liability under paragraph (1) of this subsection if, prior to the institution of an action under that paragraph, the lender or guaranty agency cures or corrects the violation or failure or notifies the person who received the substantial misrepresentation of the actual nature of the financial charges involved.

[(4) CONSIDERATION AS SINGLE VIOLATION.—For the purpose of paragraph (1) of this subsection, violations, failures, or substantial misrepresentations arising from a specific practice of a lender or guaranty agency shall be deemed to be a single violation, failure, or substantial misrepresentation even if the violation, failure, or substantial misrepresentation affects more than one loan or more than one borrower, or both, and the Secretary may only impose a single civil penalty for each such violation, failure, or substantial misrepresentation.]

[(5)] *(2)* ASSIGNEES NOT LIABLE FOR VIOLATIONS BY OTHERS.—If a loan affected by a violation, failure, or substantial misrepresentation is assigned to another holder, the lender or guaranty agency responsible for the violation, failure, or substantial misrepresentation shall remain liable for any civil money penalty provided for under paragraph (1) of this subsection, but the assignee shall not be liable for any such civil money penalty.

[(6)**]** *(3)* COMPROMISE.—Until a matter is referred to the Attorney General, any civil penalty under paragraph (1) of this subsection may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the Secretary shall consider the appropriateness of the penalty to the resources of the lender or guaranty agency subject to the determination; the gravity of the violation, failure, or substantial misrepresentation; the frequency and persistence of the violation, failure, or substantial misrepresentation; and the amount of any losses resulting from the violation, failure, or substantial misrepresentation. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the lender or agency charged, unless the lender or agency has, in the case of a final agency determination, commenced proceedings for judicial review within 90 days of the determination, in which case the deduction may not be made during the pendency of the proceeding.

(h) AUTHORITY OF THE SECRETARY TO IMPOSE AND ENFORCE LIMITATIONS, SUSPENSIONS, AND TERMINATIONS.—

(1) * * *

* * * * * * *

(2) REVIEW OF SANCTIONS ON LENDERS.—(A) The Secretary shall, in accordance with sanctions 556 and 557 of title 5, United States Code, review each limitation, suspension, or termination imposed by any guaranty agency pursuant to section 428(b)(1)(U) within 60 days after receipt by the Secretary of a notice from the guaranty agency of the imposition of such limitation, suspension, or termination, unless the right to such review is waived in writing by the lender **[**The Secretary shall disqualify such lender from participation in the student loan insurance program of each of the guaranty agencies under this part, and notify such guaranty agencies of such disqualification—**]** *The Secretary shall impose any or all sanctions imposed by the guaranty agency on the participation of the lender in the student loan insurance program of each of the guaranty agencies under this part, and shall notify such guaranty agencies of the imposition of such sanctions—*

* * * * * * *

(B) The Secretary's review under this paragraph of the limitation, suspension, or termination imposed by a guaranty agency pursuant to section 428(b)(1)(U) shall be limited to—

(i) a review of the written record of the proceedings in which the guaranty agency imposed such sanctions; and

(ii) a determination as to whether the guaranty agency complied with section 428(b)(1)(U) and any notice and hearing requirements specified in regulations prescribed under this part.

[(B)] *(C)* The Secretary shall not lift any such [disqualification] *sanction* until the Secretary is satisfied that the lender has corrected the failures which led to the limitation, suspension, or termination, and finds that there are reasonable assurances that the lender will, in the future, comply with the requirements of this part. The Secretary shall notify each guaranty agency of the lifting of any such [disqualification] *sanction*.

(3) REVIEW OF SANCTIONS ON ELIGIBLE INSTITUTIONS.—(A) The Secretary shall, in accordance with sections 556 and 557 of title 5, United States Code, review each limitation, suspension, or termination imposed by any guaranty agency pursuant to section 428(b)(1)(T) within 60 days after receipt by the Secretary of a notice from the guaranty agency of the imposition of such limitation, suspension, or termination, unless the right to such review is waived in writing by the institution. [The Secretary shall disqualify such institution from participation in the student loan insurance program of each of the guaranty agencies under this part, and notify such guaranty agencies of such disqualification—] *The Secretary shall impose any or all sanctions imposed by the guaranty agency on the participation of the institution in the student loan insurance program of each of the guaranty agencies under this part, and shall notify such guaranty agencies of the imposition of such sanctions—*

* * * * * * *

(B) The Secretary's review under this paragraph of the limitation, suspension, or termination imposed by a guaranty agency pursuant to section 428(b)(1)(T) shall be limited to—

(i) a review of the written record of the proceedings in which the guaranty agency imposed such sanctions; and

(ii) a determination as to whether the guaranty agency complied with section 428(b)(1)(T) and any notice and hearing requirements specified in regulations prescribed under this part.

[(B)] *(C)* The Secretary shall not lift any such [disqualification] *sanction* until the Secretary is satisfied that the institution has corrected the failures which led to the limitation, suspension, or termination, and finds that there are reasonable assurances that the institution will, in the future, comply with the requirements of this part. The Secretary shall notify each guaranty agency of the lifting of any such [disqualification] *sanction*.

* * * * * * *

(k) PROGRAM OF ASSISTANCE FOR BORROWERS.—

(1) IN GENERAL.—The Secretary shall undertake a program to encourage corporations and other private and public employers, including the Federal Government, to assist borrowers in repaying loans received under this title, including providing employers with options for payroll deduction of loan payments and of-

fering loan repayment matching provisions as part of employee benefit packages.

(2) PUBLICATION—The Secretary shall publicize models for providing the repayment assistance described in paragraph (1) and each year select entities that deserve recognition, through means devised by the Secretary, for the development of innovative plans for providing such assistance to employees.

(3) RECOMMENDATION.—Within 1 year after the date of enactment of the Higher Education Amendments of 1991, the Secretary shall recommend to the appropriate committees in the Senate and House of Representatives changes to the tax code or other statutes that could be made in order to further encourage such efforts.

(l) UNIFORM ADMINISTRATIVE AND CLAIMS PROCEDURES.—

(1) IN GENERAL.—The Secretary shall, in consultation with guaranty agencies and lenders, develop standardized forms and procedures regarding—

(A) origination;
(B) guaranty;
(C) deferments;
(D) forbearance;
(E) servicing;
(F) claims filing; and
(G) cures.

(2) SPECIAL RULE.—The forms and procedures described in paragraph (1) shall include all aspects of the loan process as such process involves eligible lenders and guaranty agencies and shall be directed to minimize administrative costs and burdens (other than the costs and burdens involved in the transition to new forms and procedures) involved in exchanges of data to and from borrowers, schools, lenders, secondary markets, and the Department.

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STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS

SEC. 433. (a) * * *

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(1) a statement prominently and clearly displayed and in bold print that the borrower is receiving a loan that must be repaid;

[(1)**]** *(2)* the name of the eligible lender, and the address to which communications and payments should be sent;

[(2)**]** *(3)* the principal amount of the loan;

[(3)**]** *(4)* the amount of any charges, such as the origination fee and insurance premium, collected by the lender at or prior to the disbursal of the loan and whether such charges are deducted from the proceeds of the loan or paid separately by the borrower;

[(4)**]** *(5)* the stated interest rate on the loan;

[(5)**]** *(6)* the yearly and cumulative maximum amounts that may be borrowed;

[(6)**]** *(7)* an explanation of when repayment of the loan will be required and when the borrower will be obligated to pay interest that accrues on the loan;

[(7)**]** *(8)* a statement as to the minimum and maximum repayment term which the lender may impose, and the minimum annual payment required by law;

[(8)**]** *(9)* a statement of the total cumulative balance, including the loan applied for, owed by the student to that lender, and an estimate of the projected monthly payment, given such cumulative balance;

[(9)**]** *(10)* an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

[(10)**]** *(11)* a statement that the borrower has the right to prepay all or part of the loan, at any time, without penalty, a statement summarizing circumstances in which repayment of the loan or interest that accrues on the loan may be deferred, and a brief notice of the program for repayment of loans, on the basis of military service, pursuant to section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note);

[(11)**]** *(12)* a definition of default and the consequences to the borrower if the borrower defaults, including a statement that the default will be reported to a credit bureau or credit reporting agency;

[(12)**]** *(13)* to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; **[**and**]**

[(13)**]** *(14)* an explanation of any cost the borrower may incur in the making or collection of the loan**[**.**]***; and*

(15) a statement that the borrower's loan repayment obligation is separate and distinct from the school's obligation to the borrower and that a failure by the school to comply with any Federal, State, or local law shall not excuse any portion of the borrower's obligation to repay the loan.

(b) REQUIRED DISCLOSURE BEFORE REPAYMENT.—Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower the information required under this subsection. *Any disclosure required by this subsection shall be made during the grace period described in section 427(a)(2)(B).* Any disclosure required by this subsection may be made by an eligible lender either in a promissory note evidencing the loan or loans or in a written statement provided to the borrower. The disclosure shall include—

* * * * * * *

(8) *except as provided in subsection (e),* the projected total of interest charges which the borrower will pay on the loan or loans, assuming that the borrower makes payments exactly in accordance with the repayment schedule; and

* * * * * * *

(e) Special Disclosure Rules on SLS Loans.—Loans made under section 428A shall not be subject to the disclosure of projected monthly payment amounts required under subsection (b)(8), if the lender, in lieu of such disclosure, provides the borrower with sample projections of monthly repayment amounts assuming different levels of borrowing and interest accruals resulting from capitalization of interest while the borrower is in school. Such sample projections shall disclose the cost to the student of capitalizing—

(1) principal and interest; and

(2) interest only.

* * * * * * *

DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM

Sec. 435. As used in this part:

(a) Eligible Institution.—

(1) In general.—Subject to subsection (n), the term "eligible institution" means—

(A) an institution of higher education *as defined in section 481(a)*;

* * * * * * *

(C) with respect to students who are nationals of the United States, an institution outside the United States which is comparable to an institution of higher education or to a vocational school and which has been approved by the Secretary for the purpose of this **[**part,**]** *part.*

[except that such term does not include any such institution or school which employs or uses commissioned salesmen to promote the availability of any loan program described in section 428(a)(1), 428A, or 428B at that institution or school.**]**

* * * * * * *

(3) Ineligibility based on high default rates.—(A) An institution whose **[**cohort**]** *annual* default rate is equal to or greater than the threshold percentage specified in subparagraph (B) for each of the three most recent fiscal years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and for the two succeeding fiscal years, unless, within 30 days of receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of its eligibility to the Secretary. The Secretary shall issue a desision on any such appeal within 45 days after its submission. Such decision may permit the institution to continue to participate in a program under this part if—

(i) the institution demonstrates to the satisfaction of the Secretary that the Secretary's calculation of its **[**cohort**]** *annual* default rate is not accurate, and that recalculation would reduce its **[**cohort**]** *annual* default rate for any of the three fiscal years below the threshold percentage specified in subparagraph (B); or

* * * * * * *

(B) For purposes of determinations under subparagraph (A), the threshold percentage is—

(i) 35 percent for fiscal year 1991 and 1992; [and]

(ii) 30 percent for [any succeeding fiscal year.] *fiscal year 1993; and*

(iii) 25 percent for any succeeding fiscal year.

* * * * * * *

[(b) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" means an educational institution in any State which—

[(1) admits as regular students only persons have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, or who are beyond the age of compulsory school attendance;

[(2) is legally authorized within such State to provide a program of education beyond secondary education;

[(3) provides an educational program for which it awards a bachelor's degree or provides not less than a 2-year program which is acceptable for full credit toward such a degree, or in the case of a hospital or health care facility, which provides training of not less than one year for graduates of accredited health professions programs, leading to a degree or certificate upon completion of such training;

[(4) is a public or other nonprofit institution; and

[(5) is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose or, if not so accredited—

[(A) is an institution with respect to which the Secretary has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time; or

[(B) is an institution whose credits are accepted on transfer by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

Such term includes any school which provides not less than a 1-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of paragraphs (1), (2), (4), and (5). If the Secretary determines that a particular category of such schools does not meet the requirements of paragraph (5) because there is no nationally recognized accrediting agency or association qualified to accredit schools in such category, the Secretary shall, pending the establishment of such an accrediting agency or association, appoint an advisory committee, composed of persons specially qualified to evaluate training provided by schools in such category, which shall (i) prescribe the standards of content, scope, and quality which must be met in order to qualify schools in such category to participate in the program pursuant to this part, and (ii) determine whether particular schools not meeting the requirements of paragraph (5) meet those standards. For the purpose of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which the Secretary determines to be reliable authorities as to the quality of training offered.]

(c) * * *

* * * * * * *

(3) has been in existence for 2 years or has been specifically accredited by the Secretary as an institution meeting the other requirements of this subsection; [and]

(4) is accredited—

(A) by a nationally recognized accrediting agency or association listed by the Secretary pursuant to this paragraph;

(B) if the Secretary determines that there is no nationally recognized accrediting agency or association qualified to accredit schools of a particular category, by a State agency listed by the Secretary pursuant to this paragraph; and

(C) if the Secretary determines there is no nationally recognized or State agency or association qualified to accredit schools of a particular category, by an advisory committee appointed by the Secretary and composed of persons specially qualified to evaluate training provided by schools of that category, which committee shall prescribe the standards of content, scope, and quality which must be met by those schools in order for loans to students attending them to be insurable under this part and shall also determine whether particular schools meet those standards[.]; and

(5) offers to individuals receiving assistance under this title only programs that are eligible programs as described in section 481(f).

* * * * * * *

(f) DUE DILIGENCE.—The term "due diligence" requires the utilization by a lender, in the servicing and collection of loans insured under this part, of *servicing and* collection practices at least as extensive and forceful as those generally practiced by financial institutions for the collection of consumer loans.

* * * * * * *

[(m) COHORT DEFAULT RATE.—The term "cohort default rate" means, for any fiscal year in which 30 or more current and former students at the institution enter repayment on loans under section 428 or 428A received for attendance at the institution, the percentage of those current and former students who enter repayment on such loans received for attendance at that institution in that fiscal year who default before the end of the following fiscal year. In determining the number of students who default before the end of such fiscal year, the Secretary shall include only loans for which the Secretary or a guaranty agency has paid claims for insurance, and, in calculating the cohort default rate, exclude any loans which, due to improper servicing or collection, would result in an inaccurate or incomplete calculation of the cohort default rate. For any fiscal year in which less than 30 of the institution's current and former students enter repayment, the term "cohort default rate" means the average of Z the rate calculated under the preceding sentence for the 3 most recent fiscal years. In the case of a student who has attended and borrowed at more than one school, the student (and his or her subsequent repayment or default) is attributed to each school for attendance at which the student received a loan that entered repayment in the fiscal year. A loan on which a payment is made by the school, its owner, agent, contractor, employee, or any other entity or individual affiliated with such school, in order to avoid default by the borrower, is considered as in default for purposes of this subsection. Any loan which has been rehabilitated before the end of such following fiscal year is not considered as in default for purposes of this subsection. The Secretary shall prescribe regulations designed to prevent an institution from evading the application to that institution of a default rate determination under this subsection through the use of such measures as branching, consolidation, change of ownership or control, or any similar device.]

(m) ANNUAL DEFAULT RATE.—

(1) IN GENERAL.—Except as provided in paragraph (5), the term "annual default rate" means, for any fiscal year in which 30 or more current and former students at the institution enter repayment on loans under section 428 or 428A received for attendance at the institution, the percentage of students and former students who enter repayment on such loans received for attendance at that institution in that fiscal year who default before the end of the following fiscal year. In determining the number of students who default before the end of such fiscal year, the Secretary shall include only loans for which the Secretary or a guaranty agency has paid claims for insurance, and, in calculating the annual default rate, exclude any loans which, due to improper servicing or collection, would result in an inaccurate or incomplete calculation of the annual default rate. For any fiscal year in which less than 30 of the institution's current and former students enter repayment, the term "annual default rate" means the average of the rate calculated under the preceding sentence for the 3 most recent fiscal years.

(2) SPECIAL RULES.—(A) In the case of a student who has attended and borrowed at more than 1 school, the student (and such student's subsequent repayment or default) is attributed to each school for attendance at which the student received a loan that entered repayment in the fiscal year.

(B) A loan on which a payment is made by the school, such school's owner, agent, contractor, employee, or any other entity or individual affiliated with such school, in order to void default by the borrower, is considered as in default for purposes of this subsection.

(C) Any loan which has been rehabilitated is not considered as in default for the purposes of this subsection.

(D) For the purposes of this subsection, a loan made in accordance with section 428A shall not be considered to enter repayment until after the borrower has ceased to be enrolled in a

course of study leading to a degree or certificate at an eligible institution on at least a half-time basis (as determined by the institution) and ceased to be in a period of deferment based on such enrollment. Each eligible lender of a loan made under section 428A shall provide the guaranty agency with the information necessary to determine when the loan entered repayment for purposes of this subsection, and the guaranty agency shall provide such information to the Secretary.

[(n) IMPACT OF LOSS OF ACCREDITATION.—An institution may not be certified or recertified as an eligible institution under subsection (a) of this section if such institution has—

[(1) has its institutional accreditation withdrawn, revoked, or otherwise terminated for cause during the preceding 24 months; or

[(2) withdrawn from institutional accreditation voluntarily under a show cause or suspension order during the preceding 24 months;

unless—

[(A) such accreditation has been restored by the same accrediting agency which had accredited it prior to the withdrawal, revocation, or termination: or

[(B) the institution has demonstrated its academic integrity to the satisfaction of the Secretary in accordance with section 1201(a)(5)(A) or (B) of this Act.]

* * * * * * *

[REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED OR DISABLED BORROWERS

[SEC. 437. (a) REPAYMENT IN FULL.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

[(b) REPAYMENT OF AMOUNT DISCHARGED.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) is relieved of his obligation to repay such loan in whole or in part, through a discharge in bankruptcy, the Secretary shall repay the amount of the loan so discharged.]

SEC. 437. REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED, OR DISABLED BORROWERS; TREATMENT OF BORROWERS ATTENDING CLOSED SCHOOLS OR BORROWERS FALSELY CERTIFIED AS ELIGIBLE TO BORROW.

(a) IN GENERAL.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) on or after January 1, 1986, dies, becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), or is temporarily or permanently relieved of his obligation to repay such loan according to the repayment schedule, through an action in bankruptcy, then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

(b) DISCHARGE.—

(1) In general.—If a student borrower who received a loan described in subparagraph (A) or (B) of section 428(a)(1) is unable to complete the program in which the borrower is enrolled due to the closure of the institution or if such student's eligibility to borrow under this part was fraudulently certified by the eligible institution, then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan and shall pursue any claim available to such borrower against the institution.

(2) Assignment.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund up to the amount discharged against the institution, its affiliates, and principals.

(2) Assignment.—A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund up to the amount discharged against the institution, its affiliates, and principals.

(3) Eligibility for additional assistance.—The period of a student's attendance at an institution at which the student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this title.

(4) Special rule.—A borrower whose loan has been discharged pursuant to this subsection shall not be precluded from receiving additional grants, loans or work assistance under this title for which the borrower would be otherwise eligible.

(5) Reporting.—The Secretary shall report to credit bureaus with respect to loans which have been discharged pursuant to this subsection.

SPECIAL ALLOWANCES

Sec. 438. (a) Findings.—* * *

* * * * * * *

(2) Rate of special allowance.—(A) Subject to subparagraphs (B), (C), [and (D)] *(D), (E), and (F)* and paragraph (4), the special allowance paid pursuant to this subsection on loans shall be computed (i) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period, (ii) by subtracting the applicable interest rate on such loans from such average, (iii) by adding [3.25] *3.10* percent to the resultant percent, and (iv) by dividing the resultant percent by 4.

(B)(i) The quarterly rate of the special allowance for holders of loans which were made or purchased with funds obtained by the holder from the issuance of obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1954 shall be one-half the quarterly rate of the special allowance established under subparagraph (A), except that, in determining the rate for the purpose of this division, subparagraph (A)(iii) shall be applied by substitution "3.5 percent" for "[3.25] *3.10* percent". Such rate shall also apply to holders of loans which were made or purchased with funds obtained by the holder from collections or default reimbursements on, or interests or other income pertaining to, eligible loans made or purchased with funds described in the preceding sentence of this subparagraph or from income on the investment of such funds. This subparagraph shall not apply to loans which were made or insured prior to October 1, 1980.

(ii) The rate set under divisions (i) shall not be less than (I) 2.5 percent per year in the case of loans for which the applicable interest rate is 7 percent per year, (II) 1.5 percent per year in the case of loans for which the applicable interest rate is 8 percent per year, or (III) 0.5 percent in the case of loans for which the applicable rate is 9 percent per year.

(iii) No special allowance may be paid under this subparagraph unless the issuer of such obligations complies with subsection (d) of this section.

(C) *(i)* In the case of loans made *before July 1, 1993* pursuant to section 428A or 428B for which the interest rate is determined under section 427A(c)(4), a special allowance shall not be paid unless the rate determined for any 12-month period under subparagraph (B) of such section exceeds 12 percent.

(ii) In the case of loans made on or after July 1 1993 pursuant to section 428, 428A or 428B for which the interest rate is determined under section 428(f)(1)(B) or 427A(c)(4), a special allowance shall not be paid unless the rate determined for any 12-month period under section 428(f)(1)(B)(ii) or 427A(c)(4)(B) exceeds 11 percent.

(D)(i) In the case of loans made or purchased directly from funds loaned or advanced pursuant to a qualified State obligation, subparagraph (A)(iii) shall be applied by substituting "3.5 percent" for "[3.25] *3.10* percent".

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(E) In the case of a holder of loans for which the annual default rate exceeds 25 percent, subparagraph (A)(iii) shall be applied by substituting "3 percent" for "3.10 percent".

(F) In the case of a lender who does not provide to the guaranty agency the information required under section 435(m)(2)(D), subparagraph (A)(iii) shall be applied by substituting "3 percent" for "3.10 percent".

(c) * * *

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(6) SLS AND PLUS LOANS.—With respect to any loan made user section 428A or 428B on or after July 1, 1992, each eligible lender under this part shall charge the borrower an origination fee of 5 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payment to the borrower.

(7) DISTRIBUTION OF ORIGINATION FEES.—All origination fees collected by this section on loans authorized under section 428A or 428B shall be deposited in the fund authorized under section 431 of this part.

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(d) * * *

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(C) student loans will not be purchased from participating lenders at a [premium or] discount amounting to more than 1 percent of the unpaid principal amount borrowed plus accrued interest to the date of acquisition, but a reasonable loan transfer fee may be paid by the purchaser;

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STUDENT LOAN MARKETING ASSOCIATION

SEC. 439. (a) PURPOSE.—* * *

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[(c) BOARD OF DIRECTORS.—

[(1) BOARD MEMBERSHIP.—The Association shall have a Board of Directors which shall consist of twenty-one persons, one of whom shall be designated Chairman by the President.

[(2) INTERIM BOARD.—An interim Board of Directors shall be appointed by the President, one of whom he shall designate an interim Chairman. The interim Board shall consist of twenty-one members, seven of whom shall be representative of banks or other financial institutions which are insured lenders pursuant to this section, seven of whom shall be representative of educational institutions and seven of whom shall be representative of the general public. The interim Board shall arrange for an initial offering of common and preferred stocks and take whatever other actions are necessary to proceed with the operations of the Association.

[(3) REGULAR BOARD.—When, in the judgment of the President, sufficient common stock of the Association has been purchased by educational institutions and banks or other financial institutions, the holders of common stock which are educational institutions shall elect seven members of the Board of Directors and the holders of common stock which are banks or other financial institutions shall elect seven members of the Board of Directors. The President shall appoint the remaining seven directors, who shall be representative of the general public.

[(4) SUCCESSION OF REGULAR BOARD.—At the time the events described in paragraph (3) have occurred, the interim Board shall turn over the affairs of the Association to the regular Board so chosen or appointed.

[(5) TERMS OF APPOINTED AND ELECTED MEMBERS.—The directors appointed by the President shall serve at the pleasure of the President and until their successors have been appointed and have qualified. The remaining directors shall each be elected for a term ending on the date of the next annual meeting of the common stockholders of the Association, and shall serve until their successors have been elected and have qualified. Any appointive seat on the Board which becomes vacant shall be filled by appointment of the President. Any elective seat on the Board which becomes vacant after the annual election of the directors shall be filled by the Board, but only for the unexpired portion of the term.

[(6) MEETINGS AND FUNCTIONS OF BOARD.—The Board of Directors shall meet at the call of its Chairman, but at least semiannually. The Board shall determine the general policies which shall govern the operations of the Association. The Chairman of the Board shall, with the approval of the Board, select, appoint, and compensate qualified persons to fill the offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the Board of Directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties.]

(c) BOARD OF DIRECTORS.—

(1) COMPOSITION OF BOARD; CHAIRMAN.—(A) The Association shall have a Board of Directors which shall consist of 21 persons, 7 of whom shall be appointed by the President and shall be representative of the general public. The remaining 14 directors shall be elected by the common stockholders of the Association entitled to vote pursuant to subsection (f). Commencing with the annual shareholders meeting to be held in 1992—

(i) 7 of the elected directors shall be affiliated with an eligible institution; and

(ii) 7 of the elected directors shall be affiliated with an eligible lender.

(B) The President shall designate 1 of the directors to serve as Chairman.

(2) TERMS OF APPOINTED AND ELECTED MEMBERS.—The directors appointed by the President shall serve at the pleasure of the President and until their successors have been appointed and have qualified. The remaining directors shall each be elected for a term ending on the date of the next annual meeting of the common stockholders of the Association, and shall serve until their successors have been elected and have qualified. Any appointive seat on the Board of Directors which becomes vacant shall be filled by appointment of the President. Any elective seat on the Board of Directors which becomes vacant after the annual election of the directors shall be filled by the Board of Directors, but only for the expired portion of the term.

(3) AFFILIATED MEMBERS.—For the purpose of this subsection, the references to a director "affiliated with an eligible institution" or a director "affiliated with an eligible lender" means an individual who is, or within 5 years of election to the Board of Directors has been, an employee, officer, director, or similar official of—

(A) an eligible institution or an eligible lender;

(B) an association whose members consist primarily of eligible institutions or eligible lenders; or

(C) a State agency, authority instrumentality, commission, or similar institution, the primary purpose of which relates to educational matters of banking matters.

(4) MEETINGS AND FUNCTIONS OF THE BOARD.—The Board of Directors shall meet at the call of its Chairman, but at least semiannually. The Board of Directors shall determine the general policies which shall govern the operations of the Association. The Chairman of the Board of Directors shall, with the

approval of the Board of Directors, select, appoint, and compensate qualified persons to fill the office as may be provided for in the bylaws, with such functions, powers, and duties as may be prescribed by the bylaws or by the Board of Directors, and such person shall be the officers of the Association and shall discharge all such functions, powers, and duties.

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(d) AUTHORITY OF ASSOCIATION.—

(1) * * *

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(C) to buy, sell, hold, insure, underwrite, and otherwise deal in obligations issued for the purpose of financing or [refinancing the construction, reconstruction, renovation, or purchase of educational and training facilities and housing for students and faculties (including the underlying real property), and related equipment, instrumentation, and furnishings;] *refinancing—*

(1) the construction or reconstruction of academic, research, and library facilities and equipment;

(2) the improvement, renovation, and repair of academic, research, and library facilities, equipment and instrumentation;

(3) the improvement (including acquisition) of academic, research, and library instrumentation and equipment;

(4) the improvement (including acquisition) of library books and materials; and

(5) the purchase of academic, research, and library facilities (including underlying real property);

* * * * * * *

[(f) STOCK OF THE ASSOCIATION.—

[(1) COMMON STOCK TO INSURED LENDERS AND ELIGIBLE INSTITUTIONS ONLY.—The Association shall have common stock having such par value as may be fixed by its Board of Directors from time to time which may be issued only to lenders under this part, pertaining to guaranteed student loans, who are qualified as insured lenders under this part or who are eligible institutions, as defined in section 435(a), other than an institution outside of the United States.

[(2) VOTING RIGHTS.—Each share of common stock shall be entitled to one vote with rights of cumulative voting at all elections of Directors. Voting shall be by classes as described in subsection (c)(3).

[(3) NUMBER OF SHARES; TRANSFERABILITY.—The maximum number of shares of common stock that the Association may issue and have outstanding at any one time shall be fixed by the Board of Directors from time to time. Any common share issued shall be fully transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

[(4) DIVIDENDS.—To the extent that net income is earned and realized, subject to subsection (g)(2), dividends may be declared on common stock and nonvoting common stock by the Board of Directors. Such dividends as many be declared by the

Board shall be paid to the holders of outstanding shares of common stock and nonvoting common stock, except that no such dividends shall be payable with respect to any share which has been called for redemption past the effective date of such call.

[(5) NONVOTING COMMON STOCK.—The Association is authorized to issue nonvoting common stock having such par value as may be fixed by its Board of Directors from time to time. Any nonvoting common stock shall be freely transferable, except that, as to the Association, it shall be transferable only on the books of the Association.]

(f) STOCK OF THE ASSOCIATION.—

(1) VOTING COMMON STOCK.—The Association shall have voting common stock having such par value as may be fixed by its Board of Directors from time to time. Each share of voting common stock shall be entitled to one vote with rights of cumulative voting at all elections of directors.

(2) NUMBER OF SHARES; TRANSFERABILITY.—The maximum number of shares of voting common stock that the Association may issue and have outstanding at any one time shall be fixed by the Board of Directors from time to time. Any voting common stock issued shall be fully transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

(3) DIVIDENDS.—To the extent that net income is earned and realized, subject to subsection (g)(2), dividends may be declared on voting common stock by the Board of Directors. Such dividends as may be declared by the Board of Directors shall be paid to the holders of outstanding shares of voting common stock, except that no such dividends shall be payable with respect to any share which has been called for redemption past the effective date of such call.

(4) SINGLE CLASS OF VOTING COMMON STOCK.—As of the effective date of the Higher Education Amendments of 1991, all of the previously authorized shares of voting common stock and nonvoting common stock of the Association shall be converted to shares of a single class of voting common stock on a share-for-share basis, without any further action on the part of the Association or any holder. Each outstanding certificate for voting or nonvoting common stock shall evidence ownership of the same number of shares of voting stock into which it is converted. All preexisting rights and obligations with respect to any class of common stock of the Association shall be deemed to be rights and obligations with respect to such converted shares.

* * * * * * *

(r) SAFETY AND SOUNDNESS OF ASSOCIATION.—

(1) REPORTS BY THE ASSOCIATION.—The Association shall promptly furnish to the Secretary copies of all—

(A) periodic financial reports publicly distributed by the Association; and

(B) reports concerning the Association that are received by the Association and prepared by nationally recognized statistical rating organizations.

(2) AUDIT BY SECRETARY.—(A) The Secretary may—

(i) appoint auditors to conduct audits of the Association from time to time to determine the condition of the Association for the purpose of assessing its financial safety and soundness;

(ii) enter into contracts to obtain the services of such technical experts as the Secretary determines necessary and appropriate to provide technical assistance to any auditor appointed under subparagraph (A).

(B) Each auditor appointed under paragraph (2)(A) shall conduct an audit of the Association to the extent requested by the Secretary and shall prepare and submit a report to the Secretary concerning the results of such audit. A copy of such report shall be furnished to the Association and the Secretary of Education on the date on which it is delivered to the Secretary.

(3) MONITORING OF SAFETY AND SOUNDNESS.—The Secretary shall conduct such studies as may be necessary to monitor the financial safety and soundness of the Association. In the event that the Secretary determines that the financial safety and soundness of the Association is at risk, the Secretary shall inform the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate, the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives and the Secretary of Education of such determination and identify any corrective actions that should be taken to ensure the safety and soundness of the Association.

(4) CAPITAL RESTORATION PLAN.—If after an audit it is determined that the capital ratio of the Association is less than 2 percent in any two consecutive calendar quarters, the Association shall, not later than 60 days after the date of such determination, submit to the Secretary a capital restoration plan (including a timetable for the implementation of such capital restoration plan of not more than 36 months) that the Association has determined will be adequate to cause the capital ratio of the Association to equal or exceed 2 percent.

(5) ASSOCIATION CAPITAL RESTORATION PLAN.—(A) The Secretary shall consult with the Association with respect to any capital restoration plan submitted under paragraph (4) and shall approve or disapprove such capital restoration plan (or a modification thereof that is accepted by the Association) not later than 30 days after the date on which such capital restoration plan is first submitted to the Secretary, except that the Association and the Secretary may mutually agree to a longer period for the consideration of such capital restoration plan.

(B) If the Secretary approves a capital restoration plan submitted under paragraph (4), the Association shall implement such capital restoration plan.

(C) If the Secretary disapproves of a capital restoration plan submitted under paragraph (4), the Secretary shall, not later than the date on which the Secretary disapproves of such capital restoration plan through the provision of written notice to the Association or the date on which the 30-day consideration period referred to in subparagraph (A) (as such period may have

been extended by mutual agreement) expires, whichever is earlier, submit the capital restoration plan of the Association, in the form most recently proposed by the Association, together with a report containing the reasons for the Secretary's disapproval of such capital restoration plan and an alternative capital restoration plan to the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate and to the Chairman and ranking minority member of the Committee on Education and labor of the House of Representatives. A copy of such capital restoration plan and report shall simultaneously be transmitted to the Association and the Secretary of Education by the Secretary.

(D) Upon receipt from the Secretary of a capital restoration plan and report under subparagraph (C), the Association shall proceed with diligence to implement such capital restoration plan. Not later than 30 days after the receipt restoration plan and report, the Association shall submit to the Chairman and ranking minority members referred to in subparagraph (C), a written response to such capital restoration plan and report setting out to the maximum extent feasible the nature and extent of the agreement or the disagreement of the Association with the Secretary with respect to the capital restoration plan submitted to the Secretary and any findings of the Secretary.

(E) If the Secretary determines that the Association has failed to make a good faith effort to implement a capital restoration plan under this paragraph, the Association shall be prohibited from making advances on the security of, purchasing or repurchasing, selling or reselling, offering participation or pooled interests or otherwise dealing in student loans which are insured by the Secretary of Education under this part or by a guaranty agency. The Association may, within 30 days after a determination by the Secretary under this subparagraph, file a petition with the United States Court of Appeals for the District of Columbia Circuit for review of such determination.

(6) REVIEW BY CONGRESS.—Congress shall have 60 days after the date on which Congress receives material under this subsection from the Secretary of Education, the General Accounting Office or the Congressional Budget Office, to review such material. If Congress does not take statutory action with respect to any such material within such 60-day period, the capital restoration plan of the Secretary under paragraph (5)(C) shall take effect. If Congress is out of session when any such materials are received, such 60-day period shall begin on the first day of the next session of Congress.

(7) CRITICAL CAPITAL STANDARD.—(A) If the capital ratio described in paragraph (4) is less than 1 percent at the end of the most recent calendar quarter of the Association and—

> *(i) the Association has submitted a capital restoration plan to the Secretary pursuant to paragraph (4), the Association shall implement the most recently proposed capital restoration plan with such modifications (including a timetable for the implementation of such plan of not more than 60 months) as the Secretary determines are necessary to cause such capital ratio to equal or exceed 2 percent; or*

(ii) the Association has not submitted a capital restoration plan to the Secretary pursuant to paragraph (4), the Association shall, not later than 14 days after the determination of such capital ratio, submit a capital restoration plan (including a timetable for the implementation of such a plan of not more than 60 months) to the Secretary that the Association determines is adequate to cause such capital ratio to equal or exceed 2 percent and proceed with diligence to implement such capital restoration plan with such modifications as the Secretary determines are necessary to cause such capital ratio to equal or exceed 2 percent.

(B) Immediately upon a determination under clause (i) or (ii) of subparagraph (A) to implement a capital restoration plan, the Secretary shall submit the capital restoration plan to be implemented to the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate, the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives and the Secretary of Education.

(8) ADDITIONAL REPORTS.—(A) The Secretary shall submit a copy of the Association's capital restoration plan in the form most recently submitted by the Association, including modifications of such capital restoration plan that are proposed by the Secretary, to the Congressional Budget Office and the General Accounting Office on the date on which such capital restoration plan or modifications are submitted to or received from the Secretary.

(B) Notwithstanding any other provision of law, the Congressional Budget Office and the General Accounting Office shall maintain the confidentiality of information received under subparagraph (A). If the Secretary does not approve a capital restoration plan as provided for in paragraph (5), of if a capital restoration plan is modified by the Secretary pursuant to paragraph (6)—

(i) the Congressional Budget Office and the General Accounting Office shall each, not later than 30 day after the date on which the Secretary makes the submission to the Chairmen and ranking minority members as required in paragraphs (5) and (6), prepare and submit a report to such Chairman and ranking members that—

(I) analyzes the financial condition of the Association.

(II) analyzes the capital restoration plan and reasons for its disapproval, as contained in the Secretary's submission made pursuant to paragraph (5), or the capital restoration plan proposed by the Association and the modifications made by the Secretary pursuant to paragraph (6);

(III) analyzes the impact of the capital restoration plan and reasons for its disapproval, as contained in the Secretary's submission made pursuant to paragraph (5), or the impact of the capital restoration plan proposed by the Association and the modifications made by the Secretary pursuant to paragraph (7), and the *impact of the recommendations made pursuant to clause (IV), on—*

(aa) the ability of the Association to fulfill its purpose and authorized activities as provided for in this section; and

(bb) the operation of the student loan programs; and

(IV) recommends steps that the Association should take to increase its capital ratio without impairing the ability of the Association to perform its purpose and authorized activities as provided for in this section; and

(ii) the Secretary of Education shall review the Secretary's submission required under paragraph (5) or (7) and shall, not later than 30 days after the date of such submission, submit a report to the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate and to the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives that—

(I) describes any administrative or legislative provisions governing the student loan programs that contributed to the decline in the Association's capital ratio; and

(II) recommend administrative and legislative changes in the student loan programs appropriate to maintain the orderly operation of such programs and to enable the Association to fulfill its purpose and authorized activities consistent with the capital ratio described in paragraph (4).

(9) SAFE HARBOR.—The Association shall be considered to be in compliance with the capital ratios described in paragraphs (4) and (7) if the Association is rated in the highest or next highest full rating categories by two nationally recognized statistical rating organizations without regard to the Association's status as a federally chartered corporation.

(10) CONFIDENTIALITY OF RELEVANT INFORMATION.—(A) For purposes of this subsection, the Secretary, the Secretary of Education, the Director of the Congressional Budget Office, and the Comptroller General shall determine and maintain the confidentiality of any book, record, or information made available by the Association under this subsection in a manner consistent with the level of confidentiality established for the material by the Association.

(B) Section 552 of title 5, United States Code, shall not apply to the Department of the Treasury, and the Department with respect to any book, record, or information made available and determined to be confidential under this subsection.

(C) Any officer or employee of the Department of the Treasury shall be subject to the penalties set forth in section 1906 of title 18, United States Code, if—

(i) by virtue of his or her employment or official position, he or she has possession of or access to any book, record, or

information made available under and determined to be confidential under this section; and

(ii) he or she discloses the material in any manner other than—

(I) to any officer or employee of the Department of the Treasury; or

(II) pursuant to the exception set forth in such section 1906 of such title.

(D) Section 203 of the Congressional Budget Act of 1974, shall not apply to the Congressional Budget Office with respect to any book, record, or information made available under this subsection and determined by the Director of the Office to be confidential under subparagraph (A).

(11) DEFINTIONS.—As used in this subsection:

(A) The term "capital ratio" means the ratio of total stockholders' equity, as determined under the Association's most recent quarterly consolidated balance sheet prepared in the ordinary course of its business, to the sum of—

(i) the total assets of the Association, as determined under a balance sheet prepared in the ordinary course of its business; and

(ii) 50 percent of the credit equivalent amount of the following off-balance sheet items of the Association as of the date of the preparation of such balance sheet:

(I) all financial standby letters of credit and other irrevocable guarantees of the repayment of financial obligations of others and

(II) all interest rate contracts and exchange rate contracts, including interest exchange agreements, floor, cap and collar agreements and similar arrangements.

For purposes of this subparagraph, the calculation of the credit equivalent amount of the items described in clause (ii), the netting of such items and eliminations for the purpose of avoidance of double-counting of such items shall be made in accordance with the measures for computing credit conversion factors for off-balance sheet items for capital maintenance purposes established for commercial banks from time to time by the Federal Reserve Board, but without regard to any risk-weighting provisions in such measures.

(B) The term "nationally recognized statistical rating organization" means any entity recognized as such by the Division of Market Regulation of the Securities and Exchange Commission for the purposes of net capital rules applicable to brokers.

(C) The term "Secretary" unless otherwise provided means the Secretary of the Treasury.

* * * * * * *

PART C—WORK-STUDY PROGRAMS

PURPOSE; APPROPRIATIONS AUTHORIZED

SEC. 441. (a) PURPOSE.—The purpose of this part is to stimulate and promote the part-time employment of students who are enrolled as undergraduate, graduate, or professional students and who are in need of earnings from employment to pursue courses of study at eligibie institution *and to encourage students receiving Federal student financial assistance to participate in community service activities that will benefit the Nation and engender in the students a sense of social responsibility and commitment to the community.*

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part [$656,000,000] *$700,000,000* for fiscal year [1987] *1993* and such sums as may be necessary for each of the [4 succeeding] *6 succeeding* fiscal years.

(c) DEFINITION.—For the purpose of this subpart the term "community service" means work in which students perform meaningful and constructive service in agencies, institutions, and situations where the application of human talent and dedication may help to meet human, educational, linguistic, and environmental community needs, especially such needs relating to poverty, including work in service opportunities or youth corps as defined in section 101 of the National and Community Service Act of 1990 and service in the agencies, institutions and activities designated in section 124(a) of the National and Community Service Act of 1990.

* * * * * * *

ALLOCATION OF FUNDS

SEC. 442. (a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1)

* * * * * * *

(4)(A) Notwithstanding any other provision of this section, the Secretary shall allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds $700,000,000 among eligible institutions described in subparagraph (B).

(B) In order to receive an allocation pursuant to subparagraph (A) an institution shall be an eligible institution from which 50 percent or more of the Pell Grant recipients attending such eligible institution graduate or transfer to a 4-year institution of higher education.

* * * * * * *

(A) establish various income categories for dependent and independent undergraduate students *subdivided by full-time and part-time status;*

* * * * * * *

GRANTS FOR WORK-STUDY PROGRAMS

SEC. 443. (a) * * *

* * * * * * *

(1) provide for the operation by the institution of a program for the part-time employment of its students in work for the institution itself *and in work in community service* or work in the public interest for a Federal, State, or local public agency or private nonprofit organization under an arrangement between the institution and such agency or organization, and such work—

* * * * * * *

(A) an institution **[**may use not to exceed**]** *shall use at least* 10 percent of the funds granted to the institution in any fiscal year to carry out the work study program described in section 447 **[**at the increased Federal share specified in paragraph (5)(B) of this subsection**]**, and

* * * * * * *

(3) provide that in the selection of students for employment under such work-study program, only students who demonstrate financial need in accordance with part F of this title, and who meet the requirements of section 484 will be assisted, except that, if the institution's grant under this part is directly or indirectly based in part on the financial need demonstrated by students attending the institution less than full time, a reasonable proportion of the institution's grant shall be made available to such students, *and except further that if the financial need of such less than full-time students at any institution exceeds 5 percent of the total financial need of all students at such institution, then at least 5 percent of the grant shall be made available to such less than full-time students*;

(4) provide that for a student employed in a work-study program under this part, at the time income derived from any *need-based* employment (including non-work-study or both) is in excess of the determination of the amount of such student's need by more than **[**$200**]** *$300*, continued employment shall not be subsidized with funds appropriated under this part;

[(5) provide that the Federal share of the compensation of students employed in the work study program in accordance with the agreement will not exceed 80 percent for academic years 1987-1988 and 1988-1989, 75 percent for academic year 1989-1990, and 70 percent for academic year 1990-1991 and succeeding academic years, except that—

[(A) the Federal share may exceed such amounts of such compensation if the Secretary determines, pursuant to regulations promulgated by the Secretary establishing objective criteria for such determinations, that a Federal share in excess of such amounts is required in furtherance of the purpose of this part; and

[(B) the Federal share of the compensation of the students employed in the work study for community service-learning programs described in section 447 from funds available under paragraph (2)(A) in accordance with the agreement will not exceed 90 percent of such compensation;**]**

(5) provide that the Federal share of the compensation of students employed in the work-study program in accordance with the agreement shall not exceed 75 percent for academic year 1992–1993 and succeeding academic years, except that the Federal share may exceed such percentage if the Secretary determines that the non-Federal share would cause financial hardship at an eligible institution and that such institution serves a large number of percentage of low-income or minority students;

* * * * * * *

(A) on campus only, *except as required in subparagraph (A) of paragraph (2)*;

* * * * * * *

(C) furnishing student services[, as determined by the Secretary pursuant to regulations], *that are directly related to the student's education*, except that no student shall be employed in any position that would involve the solicitation of other potential students to enroll in the school; [and]

(9) provide assurances that the institution will inform all eligible students of the opportunity to perform community service work-study, and will consult with local nonprofit, governmental, and community-based organizations to identify such opportunities; and

[(9)] *(10)* include each other reasonable provisions as the Secretary shall deem necessary or appropriate to carry out the purpose of this part.

* * * * * * *

JOB LOCATION AND DEVELOPMENT PROGRAMS

SEC. 446. (a) AGREEMENT REQUIRED.—(1) The Secretary is authorized to enter into agreements with eligible institutions under which—

(A) * * *

* * * * * * *

(B) such institution may use not more than [10 percent or $20,000] *15 percent or $40,000* of its allotment under section 442, whichever is less, to establish or expand a program under which such institution, separately or in combination with other eligible institutions and through formal or informal consultation with [local] nonprofit, governmental, educational, and community-based organizations, locates and develops community services jobs for students eligible under this part.

* * * * * * *

(c) DEFINITION OF COMMUNITY SERVICE.—For the purpose of this section, the term "community services" means services which are identified by an institution of higher education, through formal or informal consultation with [local] nonprofit, governmental, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs including, but not limited to, such fields as health care, child care, literacy training, education (including tutorial services), housing and neighborhood improvement, rural development, and community improvement.

SEC. 448. WORK-LEARNING PROGRAM.

(a) PURPOSE.—It is the purpose of this section to recognize, encourage and promote the use of comprehensive work-learning programs as a valuable educational approach when such approach is an integral part of an institution of higher education's educational program and a part of a student financial plan which decreases reliance on grants and loans.

(b) PROGRAM AUTHORIZED.—Notwithstanding any other provision of law, a work college may use funds provided under this part to carry out the activities described in subsection (d) in accordance with the provisions of this section.

(c) MATCH REQUIRED.—Funds made available to work-colleges pursuant to this section shall be matched on a dollar-for-dollar basis from non-Federal sources.

(d) ACTIVITIES AUTHORIZED.—Funds made available under this section may be used for—

(1) providing assistance to pay the educational expenses of qualified students through self-help payments or credits provided under a comprehensive work-learning program;

(2) promotion of a comprehensive work-learning program as a tool of postsecondary education, financial self-help and community service-learning opportunities;

(3) activities described in section 446 or 447; and

(4) the administration, development and assessment of comprehensive work-learning programs, including—

(A) community-based work-learning alternatives that expand opportunities for community service and career-related work; and

(B) alternatives that develop sound citizenship and personal values, encourage student persistence, and make optimum use of assistance under this part.

(e) DEFINITIONS.—For the purpose of this section—

(1) the term "work-college" means an eligible institution that—

(A) has been a public or private nonprofit institution with a commitment to community service;

(B) has operated a comprehensive work-learning program for at least 2 years;

(C) requires all resident students who reside on campus to participate in a comprehensive work-learning program; and

(D) provides students participating in the comprehensive work-learning program with the opportunity to contribute to their education and to the welfare of the community as a whole; and

(2) the term "comprehensive work-learning program" means a program that—

(A) requires participation of all students residing on campus in order to enroll in and graduate from a work-college;

(B) includes learning objectives, evaluation and a record of work performance as part of the student's college record;

(C) provides programmatic leadership by work-college personnel at levels comparable to traditional academic programs;

(D) recognizes the educational role of work-learning supervisors; and

(E) includes consequences for nonperformance or failure in the comprehensive work-learning program similar to the consequences for failure in a regular academic program.

SEC. 119. STUDENT MENTOR PILOT PROGRAM.

(a) Purpose.—It is the purpose of this section to establish a pilot program to test the feasibility of using work-study funds to provide incentives to eligible youth attending institutions of higher education to encourage such students to engage in mentor activities for the benefit of such eligible youth who are at risk of dropping out of elementary secondary school.

(b) Program Authorized; Agreements.—

(1) Program authorized.—The Secretary is authorized to designate not less than 10 nor more than 100 institutions of higher education that may use a portion of their allocations under this part to establish a program in accordance with this section.

(2) Agreement.—In order to be eligible to participate in the program assisted under this part an institution of higher education shall enter into an agreement with the Secretary. Such agreement shall—

(A) contain or be accompanied by such information and assurances as the Secretary may require by regulation;

(B) specify the methods and rates of compensation of the mentors, which may include incentive bonuses based on the satisfactory academic progress of the eligible youth;

(C) describe the methods to be used—

(i) by the institution of higher education to identify and select suitable students to serve as mentors; and

(ii) by elementary and secondary schools to identify and select eligible youth; and

(D) provide that the eligible youth, such youth's teacher, and the mentor shall enter into an agreement that—

(i) provides attainable goals for the eligible youth to pursue with the advice and assistance of the mentor; and

(ii) identifies the stages at which progress toward such goals shall be evaluated.

(c) Use of Funds.—An institution of higher education with which the Secretary has an agreement under subsection (b)(2) may use funds provided under this part to pay students to engage in activities as mentors for an eligible youth to—

(1) tutor the youth in subjects in which the youth is experiencing difficulty;

(2) support the youth in educational and recreational activities;

(3) counsel the youth on career and educational choices;

(4) otherwise encourage the youth to stay in school, to develop the youth's aptitudes, and to follow the mentor student into a successful college and adult career; and

(5) develop in the student a better self-awareness and a self-motivated desire to academically excel.

(d) EVALUATION AND REPORTS.—Not later than 3 years after the enactment of this section, the Secretary shall submit to the Congress a report evaluating the program assisted under this section. Such report shall include such recommendations as the Secretary considers appropriate concerning such program, and may include proposals for legislative changes.

(e) DEFINITIONS.—The term "eligible youth" means an individual who is—

(1) age 5 to 18, inclusive;

(2) enrolled but failing to maintain satisfactory progress in an elementary or secondary school, as determined under the standards of such school; and

(3) determined by a teacher or other qualified staff of such school to be likely to benefit from participation in the program assisted under this section.

* * * * * * *

[PART D—INCOME CONTINGENT DIRECT LOAN DEMONSTRATION PROJECT

[STATEMENT OF PURPOSE

[SEC. 451. It is the purpose of this part to examine the feasibility of a direct loan program which uses the income contingent repayment method in order to increase the economic and full use of direct student loan funds.

[DEMONSTRATION PROJECT AUTHORIZED

[SEC. 452. (a) GENERAL AUTHORITY.—The Secretary shall, from the amounts appropriated each fiscal year, carry out demonstration projects in accordance with the provisions of this part.

[(b) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making contributions to student loan funds established pursuant to this part, there are authorized to be appropriated $5,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(c) ALLOTMENT; MAXIMUM NUMBER OF GRANTS.—(1) The Secretary shall allot the amounts appropriated in each fiscal year pursuant to subsection (b) among institutions of higher education which desire to participate in the pilot project authorized by this part and which have agreements with the Secretary under section 453.

[(2) The Secretary may not enter into agreements with more than 10 institutions of higher education under this part.

[AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION

[SEC. 453. An agreement with an institution of higher education under this part shall—

[(1) provide for the establishment and maintenance of a student loan fund for the purpose of this part;

[(2) provide for the deposit in such fund of Federal capital contributions from funds approved pursuant to section 452(b);

[(3) provide for the deposit in such fund of a capital contribution by such institution equal to not less than one-ninth of the amount of the Federal capital contribution described in paragraph (2);

[(4) provide for the deposit in such fund collections of principal and interest on student loans made from deposited funds and any other earnings of such funds;

[(5) provide that such student loan fund shall be used only for—

[(A) loans to students, in accordance with the provisions of this part;

[(B) administrative expenses; and

[(C) costs of litigation, and other collection costs agreed to by the Secretary in connection with the collection of a loan from the fund (and interest thereon) or a charge assessed pursuant to regulations;

[(6) provide that repayment of the loans made from such student loan funds will be made in accordance with a repayment schedule, which will be adjusted annually on the basis of the total amount borrowed by the student and the income of the student borrower, together with such adjustments in the schedule as the Secretary and the institution determine will best carry out the purpose of this part, except that for the first 2 years of the repayment period the schedule may require a fixed payment plan;

[(7) provide for the distribution of assets from student loan funds under this part in accordance with criteria prescribed by the Secretary, based upon the provisions of section 466; and

[(8) provide for such other assurances and limitations as the Secretary may reasonably require.

[TERMS OF LOAN UNDER THE PILOT PROGRAM

[SEC. 454. (a) CONDITIONS, LIMITATIONS, AND REQUIREMENTS.—(1) Loans from any student loan and fund established pursuant to an agreement under section 453, to any student by an institution shall, subject to such conditions, limitations, and requirements as the Secretary shall prescribe by regulation, be made on such terms and conditions as the institution may determine.

[(2) The aggregate amount of all loans made by institutions of higher education from loan funds established pursuant to agreements under this part to any student may not exceed $17,500.

[(3) The total amount of loans made by institutions of higher education from loan funds established pursuant to such agreement for any academic year may not exceed—

[(A) $2,500 in the case of a student who is in the first or second academic year of a program of education leading to a bachelor's degree;

[(B) $3,500 in the case of a student who is in the third such year; and

[(C) $4,500 in the case of a student who is in the fourth and fifth such year.

[(4)(A) The interest rate on loans under this part shall, at the discretion of the participating institution, be (i) computed in accordance with subparagraph (B) based on the interest rate computed for the calendar year in which the loan was made, and fixed over the life of the loan, or (ii) variable each calendar year based on the interest rate computed in accordance with subparagraph (B) for such calendar year.

[(B) The interest rate applicable on such loans in accordance with subparagraph (A) shall be obtained by—

[(i) computing the average of the bond equivalent rates of 91-day Treasury bills auctioned for the 3-month period ending September 30 preceding such year; and

[(ii) by adding 3 percent to the resulting percent.

[(5) Loans made from loan funds established pursuant to such agreements shall contain such agreements for deferments, interest accrual during deferments, and loan cancellation, as are consistent with the provisions of part E of this title, subject to such modifications as the Secretary may, by regulation, prescribe.

[(b) AUTHORITY OF SECRETARY TO PRESCRIBE OTHER TERMS.—The Secretary may by regulation prescribe such other terms for loans made from loan funds established pursuant to such agreements as the Secretary determines will contribute to carrying out the provisions of this part.

[FEASIBILITY STUDY

[SEC. 455. (a) STUDY.—The Secretary shall, based upon the projects assisted under this part, conduct a study of the feasibility of extending the pilot project to a direct student loan fund program of general applicability beginning after September 30, 1990.

[(b) REPORT.—The Secretary shall prepare and submit to the Congress a report on the feasibility study begun pursuant to subsection (a) not later than October 1, 1991, and October 1, 1995, together with such recommendations as the Secretary deems appropriate.]

PART E—DIRECT LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION

APPROPRIATIONS AUTHORIZED

SEC. 461. (a) PROGRAM AUTHORITY.—The Secretary shall carry out a program of stimulating and assisting in the establishment and maintenance of funds at institutions of higher education for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions *or while engaged in programs of study abroad approved for credit by such institutions.* Loans made under this part shall be known as "Perkins Loans".

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated [$268,000,000] *$200,000,000* for fiscal year] [1987] *1993* and such sums as may be necessary for each of the [4 succeeding] *6 succeeding* fiscal years.

* * * * * * *

AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION

SEC. 463. (a)* * *

* * * * * * *

(1) * * *

* * * * * * *

(B) a capital contribution by such institution in an amount equal to not less than [one-ninth] *15 percent in fiscal year 1993 and 25 percent in each of the succeeding fiscal years* of the amount of the Federal capital contributions described in subparagraph (A) *except that the Federal share may exceed such percentage if the Secretary determines that the non-Federal share would cause financial hardship at an eligible institution and that such institution serves a large number or percentage of low-income or minority students*;

* * * * * * *

(c) * * *

* * * * * * *

(3) * * *

* * * * * * *

(B) 7 years from the date the Secretary first reports the account to a consumer reporting agency[, if that account has not been previously reported by any other holder of the note].

(4) DISCLOSURES TO CREDIT BUREAU ORGANIZATIONS.—Each institution of higher education, after consultation with the Secretary and pursuant to the agreements entered into under paragraph (1), shall disclose to any credit bureau organization with which the Secretary has such an agreement—

(A) the amount of loans made to any borrower under this part at the time of the disbursement of the loan; and

(B) the information set forth in section 430A(a).

(d) LIMITATION ON USE OF INTEREST BEARING ACCOUNTS.—In carrying out the provisions of subsection (a)(10), the Secretary may not require that any collection agency, collection attorney or loan servicer collecting loans made under this part deposit amounts collected on such loans in interest bearing accounts.

(e) SPECIAL DUE DILIGENCE RULE.—In carrying out the provision of subsection (a)(5) relating to due diligence, the Secretary shall ensure that institutions of higher education may use Internal Revenue Service skip-tracing collection procedures on loans made under this part.

STUDENT LOAN INFORMATION BY ELIGIBLE INSTITUTIONS

SEC. 463A. (a) * * *

* * * * * * *

(11) a definition of default and the consequences to the borrower if the borrower defaults, [including a statement that the default may be] *together with a statement that the dis-*

bursement of, and the default on, a loan under this part, shall be reported to a credit bureau or credit reporting agency;

* * * * * * *

TERMS OF LOANS

SEC. 464. (a) TERMS AND CONDITIONS.—(1) Loans from any student loan fund establish pursuant to an agreement under section 463 to any student by any institution shall, subject to such conditions, limitations, and requirements as the Secretary shall prescribe by regulation, be made on such terms and conditions as the institution may determine.

[(2) The aggregate of the loans for all years made by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

[(A) $18,000 in the case of any graduate or professional student (as defined by regulations of the Secretary, and including any loans from such funds made to such person before he became a graduate or professional student);

[(B) $9,000 in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree, but who has not completed the work necessary for such a degree (determined under regulations of the Secretary, and including any loans from such funds made to such person before he became such a student); and

[(C) $4,500 in the case of any other student.]

(2)(A) Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent by an institution of higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

(i) $3,000, in the case of a student who has not successfully completed a program of undergraduate education; or

(ii) $5,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

(B) The aggregate of loans for all years made by institutions of higher education from loan funds established pursuant to agreements made under this part shall not exceed—

(i) $15,000, in the case of any student who has not successfully completed a program of undergraduate education; or

(ii) $40,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary) and including any loans from such funds made to such student before the student became a graduate or professional student.

* * * * * * *

(4) In the case of a program of study abroad that is approved for credit by the home institution and that has reasonable costs in excess of the home institution's budget, the aggregate of loans for all years for the student may exceed the totals described in subparagraphs (A) through (C) by 20 percent.

(b) DEMONSTRATION OF NEED AND ELIGIBILITY REQUIRED.—(1) A loan from a student loan fund assisted under this part may be made only to a student who demonstrates financial need in accordance with part F of [this title and who meets the requirements of section 484] *this title, who meets the requirements of section 484, and who provides the institution with the student's drivers license number, if any, at the time of application for the loan.*

(2) If the institution's Federal capital contribution under section 462 is directly or indirectly based in part on the financial need demonstrated by students attending the institution less than full time, a reasonable proportion of the loans under this part shall be made available to such students, *except that if the total financial need of all such less than full-time students at the institution exceeds 5 percent of the total financial need of all students at such institution, then at least 5 percent of such loans shall be made available to such less than full-time students.*

(c) CONTENTS OF LOAN AGREEMENT.—(1) Any agreement between an institution and a student for a loan from a student loan fund assisted under this part—

(A) * * *

*   *   *   *   *   *   *

[(C)(i) may provide, at the option of the institution, in accordance with regulations of the Secretary, that during the repayment period of the loan, payments of principal and interest by the borrower with respect to all outstanding loans made to the student from a student loan fund assisted under this part shall be at a rate equal to not less than $30 per month, except that the institution may, subject to such regulations, permit a borrower to pay less than $30 per month for a period of not more than one year where necessary to avoid hardship to the borrower, but without extending the 10-year maximum repayment period provided for in subparagraph (A) of this paragraph; and

[(ii) may provide that the total payments by a borrower for a monthly or similar payment period with respect to the aggregate of all loans held by the institution may, when the amount of a monthly or other similar payment is not a multiple of $5, be rounded to the next highest whole dollar amount that is a multiple of $5;]

(C)(i) for loans made before July 1, 1993, may provide, at the option of the institution and in accordance with regulations issued by the Secretary, that during the repayment period of the loan, payments of principal and interest by the borrower with respect to all outstanding loans made to the student from a student loan fund assisted under this part shall be at a rate equal to not less than $30 per month, except that the institution may, subject to such regulations, permit a borrower to pay less than $30 per month for a period of not more than 1 year when such lower payment is necessary to avoid hardship to the borrower, but in no event shall the 10-year maximum repayment period provided for in subparagraph (A) of this paragraph be extended;

(ii) for loans made on or after July 1, 1993, may provide, at the option of the institution and in accordance with regulations issued by the Secretary, that during the repayment period of the loan, payments of principal and interest by the borrower with respect to all outstanding loans made to the student from a student loan fund assisted under this part shall be at a rate equal

to not less than $40 per month, except that the institution may permit a borrower to pay less than $40 per month when such lower payment is necessary to avoid hardship to the borrower, but in no event shall the 10-year maximum repayment period provided for in subparagraph (A) of this paragraph be extended; and

(iii) may provide that the total payments by a borrower for a monthly or similar payment period with respect to the aggregate of all loans held by the institution may, when the amount of a monthly or other similar payment is not a multiple of $5, be rounded to the next highest whole dollar amount that is a multiple of $5;

[(D) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at the rate of (i) 3 percent per year, (ii) 4 percent per year in the case of any loan made on or after July 1, 1981, or (iii) 5 percent per year in the case of any loan made on or after October 1, 1981, except that no interest shall accrue (I) prior to the beginning date of repayment determined under subparagraph (A)(i), or (II) during any period in which repayment is suspended by reason of paragraph (2);]

(D) shall provide that the loan shall bear interest on the unpaid balance of the loan, at the rate of (i) 3 percent per year in the case of any loan made after July 1, 1981, (ii) 4 percent per year in the case of any loan made before July 1, 1981, (iii) 5 percent per year in the case of any loan made on or after October 1, 1981, or (iv) 5 percent per year for the first 4 years of repayment and 8 percent during the remainder of the repayment period in the case of any loan made on or after July 1, 1993, except that no interest shall accrue—

(I) prior to the beginning date of repayment determined under subparagraph (A)(i); or

(II) during any period in which repayment is suspended pursuant to paragraph (2);

[(E) unless the borrower is a minor and the note or other evidence of obligation executed by him would not, under applicable law, create a binding obligation, shall provide that the loan shall be made without security and without endorsement;]

(E) shall provide that the loan is made without security and without endorsement, except that an institution participating in the loan program under this part may—

(i) prior to making any loan under this part, obtain a credit report from at least one national credit bureau organization with respect to a loan applicant who is an independent student as of July 1 of the award year for which assistance is being sought; and

(ii) require an applicant described in clause (i) who, in the judgment of the institution in accordance with the regulations issued by the Secretary, has an adverse credit history, to obtain a credit worthy cosigner in order to obtain the loan, except that for purposes of this paragraph, an in-

sufficient or nonexistent credit history shall not be considered to be an adverse credit history;

* * * * * * *

(2)[(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period in which the borrower—

[(i) is carrying at least one-half the normal full-time academic workload at an institution of higher education or at a comparable institution outside the United States which is approved for this purpose by the Secretary, except that no borrower shall be eligible for a deferment under this clause, or a loan made under this part (other than a loan made under 428B or 428C), while serving in a medical internship or residency program;

[(ii) is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

[(iii) is in service as a volunteer under the Peace Corps Act;

[(iv) is in service as a volunteer under the Domestic Volunteer Act of 1973;

[(v) is in service, comparable to the service referred to in clause (iii) and (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986;

[(vi) is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service or serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training;

[(vii) is temporarily totally disabled (as defined in section 435(g)), as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled;

[(viii) is on parental leave, as defined in section 435(h); or

[(ix) is a mother with preschool age children who is just entering or reentering the workforce and who is compensated at a rate not to exceed $1 in excess of the rate prescribed by section 6 of the Fair Labor Standards Act of 1938.

The period during which repayment may be deferred by reason of clause (ii), (iii), (iv), (v), or (vii) shall not exceed 3 years. The period during which repayment may be deferred by reason of clause (vi) shall not exceed 2 years. The period during which repayment may be deferred by reason of clause (viii) shall not exceed 6 months. The period during which the repayment may be deferred by reason of clause (ix) shall not exceed 12 months.]

(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period—

(i) during which the borrower—

(I) is pursuing a full-time course of study as determined by an eligible institution;

(II) is pursuing at least a halftime course of study (as determined by such institution); or

(III) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary, except that no borrower shall be eligible for a deferment under this clause, or loan made under this part (other than a loan made under section 428B or 428C), while serving in a medical internship or residency program;

(ii) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment;

(iii) not in excess of 3 years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled; or

(iv) not in excess of 3 years during which the borrower is working full-time and earning at or below 100 percent of the poverty line for a family of 2 as defined in section 673(2) of the Community Service Block Grant Act.

* * * * * * *

(e) Forbearance.—The Secretary shall ensure that, upon written request, a lender shall grant a borrower forbearance of principal and interest, renewable at 12-month intervals for a period not to exceed 3 years, on such terms as are otherwise consistnt with the regulations issued by the Secretary and agreed upon in writing by the parties to the loan, with the approval of the insurer, if—

(1) the borrower's debt burden equals or exceeds 20 percent of such borrower's gross income; or

(2) the institution determines that the borrower should qualify for forbearance for other reasons.

(f) Special Repayment Authority.—

(1) In general.—Subject to such restrictions as the Secretary may prescribe to protect the interest of the United States and in order to encourge repayment on loans made under this part which are in default, the Secretary may, pursuant to the agreement entered into under this part, authorize an institution of higher education to compromise on the repayment of such defaulted loans in accordance with paragraph (2).

(2) Limitation.—(A) No compromise repayment of a defaulted loan described in paragraph (1) may be made unless the student borrower pays—

(i) 90 percent of the loan made under this part;

(ii) the interest due on such loan; and

(iii) any collection fees due on such loan.

(B) The compromise repayment described in subparagraph (A) shall be paid in a lump sum payment.

CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE

SEC. 465. (a) * * *

* * * * * * *

(2)* * *

* * * * * * *

[(B) as a full-time staff member in preschool carried on under the Head Start Act which is operated for a period which is comparable to a full school year in the locality if the salary of such staff member is not more than the salary of a comparable employee of the local educational agency;]

(B) as a full-time teacher of mathematics, science, foreign languages, special education, bilingual education, or any other field of expertise where the state educational agency determines there is a shortage of qualified teachers;

* * * * * * *

(c) SPECIAL RULES.—(1) If the list of schools in which a teacher may perform service pursuant to subparagraph (A) of paragraph (2) of subsection (a) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

(2) Any teacher who performs service in a school which—

(A) meets the requirements of subparagraph (a) of paragraph (2) of subsection (a) in any year; and

(B) in a subsequent year fails to meet the requirements of such subparagraph,

may continue to teach in such school and shall be eligible for loan cancellation pursuant to paragraph (1) of subsection (a) in such subsequent years.

DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS

SEC. 466. (a) * * *

* * * * * * *

(b) DISTRIBUTION OF LATE COLLECTIONS.—After March 1, [1997,] *2005* each institution with which the Secretary has made an agreement under this part, shall pay to the Secretary the same proportionate share of amounts received by this institution after September 30, 1996, in payment of principal and interest on student loans made from the student loan fund established pursuant to such agreement (which amount shall be determined after deduction of any costs of litigation incurred in collection of the principal or interest on loans from the fund and not already reimbursed from the fund or from such payments or principal or interest), as was determined for the Secretary under subsection (a).

(c) DISTRIBUTION OF EXCESS CAPITAL.—[Upon] *(1) Upon* a finding by the institution or the Secretary prior to October 1, 1997, that the liquid assets of a student loan fund established pursuant to an agreement under this part exceed the amount required for loans or otherwise in the foreseeable future, and upon notice to such institution or to the Secretary, as the case may be, there shall be, subject to such limitations as may be included in regulations of the Secretary or in such agreement, a capital distribution from such fund. Such capital distribution shall be made as follows:

[(1)] *(A)* The Secretary shall first be paid an amount which bears the same ratio to the total be distributed as the Federal capital contributions by the Secretary to the student loan fund prior to such distribution bear to the sum of such Federal capital contributions and the capital contributions to the fund made by the institution.

[(2)] *(B)* The remainder of the capital distribution shall be paid to the institution.

(2) No finding that the liquid assets of a student loan fund established under this part exceed the amount required under paragraph (1) may be made prior to a date which is 2 years after the date on which the institution of higher education received the funds from such institution's allocation under section 462.

* * * * * * *

[PART F—NEED ANALYSIS]

PART F—STUDENT AID METHODOLOGY

AMOUNT OF NEED

SEC. 471. [Except as otherwise provided therein, the amount of need of any student for financial assistance under this title (except subparts 1 and 3 of part A) is equal to the cost of attendance of such student minus the expected family contribution for such student.] *Except as otherwise provided in subpart 1 or 3 of part A, the determination of need for financial assistance under this title for any student is equal to the cost of attendance of such student minus—*

(1) the expected family contribution of such student for the academic year for which the determination is made determined in accordance with this part;

(2) except as otherwise provided in subpart 2 of part A, a student contribution equal to the greater of—

(A) $900 for first-year dependent undergraduates or $1,100 for all other students, except that this subparagraph shall not apply to independent students with dependents other than a spouse; or

(B) the student contribution determined in accordance with this part; and

(3)the sum of all resources available to such student at the time of the award, including the amount of—

(A) funds the student is entitled to receive from a Pell Grant, regardless of whether the student applies for such funds;

(B) a waiver of tuition and fees;

(C) a scholarship or grant, including a Supplemental Educational Opportunity Grant under subpart 2 of part A or an athletic scholarship;

(D) fellowship or assistantship assistance;

(E) insurance benefits available to such student for such student's education, including any social security education benefits not included in computing expected family contribution;

(F) except as otherwise provided in subpart 2 of part A, loans under part B;

(G) long-term loans made by the institution (excluding loans made under part B); and

(H) veterans' benefits, including benefits received under chapters 2, 106 and 107 of title 10, and chapters 30, 31, 32, 34, and 35 of title 38, United States Code.

COST OF ATTENDANCE

SEC. 472. For the purpose of this title ([except for subpart 1 of part A and] subject to section 478), the term "cost of attendance" means—

(1) * * *

* * * * * * *

(6) for student enrolled [in an academic program which normally includes a formal program of study abroad] *in a program of study abroad approved for credit by the student's home institution* reasonable costs associated with such study (as determined by the institution);

* * * * * * *

FAMILY CONTRIBUTION

SEC. 473. For the purpose of this title, except [subparts 1 and 3] *subpart 3* of part A, the term "family contribution" with respect to any student means the amount which the student and his or her family may be reasonably expected to contribute toward his or her postsecondary education for the academic year for which the determination is made, as determined in accordance with this part.

[DATA ELEMENTS USED IN DETERMINING EXPECTED FAMILY CONTRIBUTION

[SEC. 474. The following data elements are considered in determining the expected family contribution:

[(1) the available income of (A) the student and his or her spouse, or (B) the student (and spouse) and the student's parents, in the case of a dependent student;

[(2) the number of dependents in the family of the student;

[(3) the number of dependents in the family of the student who are enrolled in, on at least a half-time basis, a program of postsecondary education and for whom the family may reasonably be expected to contribute to their postsecondary education;

[(4) the net assets of (A) the student and his or her spouse, and (B) the student (and spouse) and the student's parents, in the case of a dependent student;

[(5) the marital status of the student;

[(6) any unusual medical and dental expenses of (A) the student and the student's parents, in the case of a dependent student, or (B) the student and his or her dependents, in the case of an independent student;

[(7) the number of dependent children other than the student enrolled in a private elementary or secondary institution and the unreimbursed tuition paid (A) in the case of a dependent student, by the student's parents for such dependent children, or (B) in the case of an independent student with dependents, by the student or his or her spouse for such dependent children who are so enrolled; and

[(8) the additional expenses incurred (A) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (B) in the case of an independent student, when both the student and his or her spouse are employed or when the employed student qualifies as a surviving spouse or as a head of a household under section 2 of the Internal Revenue Code of 1986.]

SEC. 474. STUDENT AID METHODOLOGY; DATA ELEMENTS.

(a) GENERAL RULE FOR DETERMINATION OF EXPECTED FAMILY CONTRIBUTION.—

(1) IN GENERAL.—The expected family contribution—

(A) for a dependent student shall be determined in accordance with section 475;

(B) for an independent student with dependents other than a spouse shall be determined in accordance with section 476; and

(C) for a single independent student or a married independent student without dependents (other than a spouse) shall be determined in accordance with section 477.

(2) The following data elements are considered in determining the expected family contribution:

(A) The effective income of—

(i) the student and the student's spouse; and

(ii) in the case of a dependent student, the student's parents.

(B) The number of family members in the household.

(C) The number of family members in the household who meet the requirements of section 484(a)(1).

(D) The assets of—

(i) the student and the student's spouse; and

(ii) in the case of a dependent student, the student's parents.

(E) The marital status of the student.

(F) The additional expenses incurred—

(i) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed; or

(ii) in the case of an independent student, when both the student and the student's spouse are employed or when the employed student qualifies as a surviving

spouse or as a head of household under section 2 of the Internal Revenue Code of 1986.

(b) Exclusion of Forced Sale Proceeds.—In the computation of expected family contribution for expected any academic year, there shall be excluded from such contribution any proceeds of a sale of farm or business assets of such family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation.

FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS

[Sec. 475. (a) Computation of Expected Family Contribution.—For each dependent student the expected family contribution is equal to the sum of—

[(1) the parents' contribution from adjusted available income (determined in accordance with subsection (b));

[(2) the student (and spouse) contribution from available income (determined in accordance with subsection (g)); and

[(3) the student (and spouse) income supplemental amount from assets (determined in accordance with subsection (h)).

[(b) Parents' Contribution From Adjusted Available Income.—The parents' contribution from adjusted available income is equal to the amount determined by—

[(1) computing adjusted available income by adding—

[(A) the parents' available income (determined in accordance with subsection (c)); and

[(B) the parents' income supplemental amount from assets (determined in accordance with subsection (d));

[(2) assessing such adjusted available income in accordance with the assessment schedule set forth in subsection (e); and

[(3) dividing the assessment resulting under paragraph (2) by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which assistance under this title is requested;

except that the amount determined under this subsection shall not be less than zero.

[(c) Parents' Available Income.—

[(1) In general.—The parents' available income is determined by deducting from total income (as defined in section 480)—

[(A) Federal income taxes;

[(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

[(C) an allowance for social security taxes, determined in accordance with paragraph (3);

[(D) a standard maintenance allowance, determined in accordance with paragraph (4);

[(E) an employment expense allowance, determined in accordance with paragraph (5);

[(F) a medical-dental expense allowance, determined in accordance with paragraph (6); and

[(G) an educational expense allowance, determined in accordance with paragraph (7).

[(2) ALLOWANCE FOR STATE AND OTHER TAXES.—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

Percentages for Computation of State and Other Tax Allowance

If parents' State or territory of residence is—	And parents' total income is— less than $15,000 or	$15,000 more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	9	8
Maine, New Jersey	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13

[(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

[(4) STANDARD MAINTENANCE ALLOWANCE.—The standard maintenance allowance is the amount of reasonable living expenses that would be associated with the maintenance of an individual or family. The standard maintenance allowance is determined by the following table (or a successor table prescribed by the Secretary under section 478):

Standard Maintenance Allowance

Family Size (including student)	Number in College 1	2	3	4	5	For each additional subtract:
2	$8,380	$6,950				
3	10,440	9,010	$7,580			
4	12,890	11,460	10,030	$8,600		
5	15,210	13,780	12,350	10,920	$8,490	
6	17,790	16,360	14,930	13,500	12,070	1,430
For each additional add:	2,010	2,010	2,010	2,010	2,010	

[(5) Employment expense allowance.—The employment expense allowance is determined as follows:

[(A) If both parents were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lessor of $2,100 or 35 percent of the earned income of the parent with the lesser earned income.

[(B) If a parent qualifies as a head of household as defined in section 2 of the Internal Revenue Code, such allowance is equal to the lesser of $2,100 or 35 percent of his or her earned income.

For any award year after award year 1987-1988, this paragraph shall be applied by increasing the dollar amount specified in subparagraphs (A) and (B) to reflect increases in the amount and percent of the Bureau of Labor Standards budget of the marginal costs for meals away from home, apparel and upkeep, transportation, and housekeeping services for a two-worker versus one-worker family.

[(6) Medical-dental expense allowance.—The medical-dental expense allowance is equal to the amount by which the sum of unreimbursed medical and dental expenses, including medical insurance premiums, exceeds 5 percent of the total income of the parents.

[(7) Educational expense allowance.—The educational expense allowance in equal to the unreimbursed tuition and fees paid by the student's parents for each dependent child, other than the student, enrolled in an elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the Center for Educational Statistics using the most recent available data.

[(d) Parents Income Supplemental Amount From Assets.—

[(1) In general.—The parents' income supplemental amount from assets is equal to—

[(A) the parental net worth (determined in accordance with paragraph (2)); minus

[(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

[(C) the asset conversion rate (determined in accordance with paragraph (4)).

[(2) PARENTAL NET WORTH.—The parental net worth is calculated by adding—

[(A) the current balance of checking and savings accounts and cash on hand;

[(B) the net value of investments and real estate, including the net value of the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemade (as defined in section 480(e) of this Act; and

[(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter in this subsection referred to "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 478);

[

Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is:
Less than $1	$0
$1-$60,000	40 percent of NW
$60,001-$180,000	$24,000 plus 50 percent of NW over $60,000
$180,001-$300,000	$84,000 plus 60 percent of NW over $180,000
$300,000 or more	$156,000 plus 100 percent of NW over $300,000

[(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

[

Asset Protection Allowances for Families and Students

If the age of the oldest parent is—	And there are	
	two parents	one parent
	then the asset protection allowance is—	
25 or less	$0	$0
26	1,900	1,500
27	3,900	3,000
28	5,800	4,500
29	7,800	6,100
30	9,700	7,600
31	11,700	9,100
32	13,600	10,600
33	15,600	12,100
34	17,500	13,600
35	19,500	15,100
36	21,400	16,600
37	23,400	18,200
38	25,300	19,700
39	27,300	21,200

Asset Protection Allowances for Families and Students—Continued

If the age of the oldest parent is—	And there are	
	two parents	one parent
40	29,200	22,700
41	30,000	23,200
42	30,800	23,800
43	31,600	24,200
44	32,500	24,800
45	33,300	25,400
46	34,200	26,100
47	35,200	26,700
48	36,100	27,200
49	37,300	27,900
50	38,300	28,800
51	39,600	29,500
52	40,900	30,300
53	42,000	31,000
54	43,400	32,000
55	44,800	32,800
56	46,300	33,800
57	48,100	34,600
58	49,700	35,700
59	51,600	36,800
60	53,300	37,900
61	55,300	39,000
62	57,400	40,200
63	59,600	41,400
64	61,800	42,600
65 or more	64,100	44,100

[(4) ASSET CONVERSION RATE.—The asset conversion rate is determined as follows:

[(A) if the parental net worth (determined in accordance with paragraph (2)) minus the asset protection allowance (determined in accordance with paragraph (3)) is equal to or greater than zero, the conversion rate is 12 percent;

[(B) if such parental net worth minus such asset protection allowance is less than zero and the parents' contribution from available income (determined in accordance with subsection (c)) is greater than $15,999, the conversion rate is zero percent;

[(C) if such parental net worth minus such asset protection allowance is less than zero and such parents' available income is equal to or greater than zero but less than $16,000, the conversion rate (rounded to 3 decimal places) is equal to 6 percent multiplied by a fraction—

[(i) the numerator of which is equal to $16,000 minus such parents' available income; and

[(ii) the denominator of which is $16,000; and

[(D) if such parental net worth minus such asset protection allowance is less than zero and such parents' available income is less than zero, the conversion rate is 6 percent.

[(e) ASSESSMENT SCHEDULE.—The adjusted available income (as determined under subsection (b)(1) and hereafter in this subsection referred to as "AAI") is assessed according to the following table (or a successor table prescribed by the Secretary under section 479):

[Parents' Assessment From Adjusted Available Income (AAI)

If AAI is—	Then the asessment is—
Less than −$3,409	−$750
−$3,409 to $7,500	22% of AAI
$7,501 to $9,400	$1,650+25% of AAI over $7,500
$9,401 to $11,300	$2,125+29% of AAI over $9,400
$11,301 to $13,200	$2,676+34% of AAI over $11,300
$13,201 to $15,100	$3,322+40% of AAI over $13,200
$15,101 or more	$4,082+47% of AAI over $15,100

[(f) COMPUTATIONS IN CASE OF SEPARATION, DIVORCE, REMARRIAGE, OR DEATH.—

[(1) DIVORCED OR SEPARATED PARENTS.—Income for a student whose parents are divorced or separated is determined under the following procedures:

[(A) Include only the income of the parent with whom the student resided for the greater portion of the 12-month period preceding the date of the application.

[(B) If the preceding criterion does not apply, include only the income of the parent who provided the greater portion of the student's support for the 12-month period preceding the date of application.

[(C) If neither of the preceding criteria apply, include only the income of the parent who provided the greater support during the most recent calendar year for which parental support was provided.

[(2) DEATH OF A PARENT.—Income in the case of the death of any parent is determined as follows:

[(A) If either of the parents have died, the student shall include only the income of the surviving parent.

[(B) If both parents have died, the student shall not report any parental income.

[(3) REMARRIED PARENTS.—Income in the case of a parent whose income is taken into account under paragraph (1) of this subsection, or a parent who is a widow or widower and whose income is taken into account under paragraph (2) of this subsection, has remarried, is determined as follows: The income of that parent's spouse shall be included in determining the student's annual adjusted family income if—

[(A) the student's parent and the stepparent are married as of the date of application for the award year concerned; and

[(B) the student is not an independent student.

[(g) STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—

[(1) IN GENERAL.—The student (and spouse) contribution from available income is equal to the greater of—

[(A) a mandatory self-help amount of $700 for a first-year undergraduate student;

[(B) a mandatory self-help amount of $900 for any other student; or

[(C) an amount equal to 70 percent of the student's total income (determined in accordance with section 480) minus the adjustment to student (and spouse) income (determined in accordance with paragraph (2)).

[(2) ADJUSTMENT TO STUDENT (AND SPOUSE) INCOME.—The adjustment to student (and spouse) income is equal to the sum of—

[(A) estimated Federal income taxes of the student (and spouse):

[(B) an allowance for State and local income taxes (determined in accordance with paragraph (3)); and

[(C) an allowance for social security taxes determined in accordance with paragraph (4).

[(3) ALLOWANCE FOR STATE AND LOCAL INCOME TAXES.—The allowance for State and local income taxes is equal to an amount determined by multiplying total taxable income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

Percentages for Computation of State and Local Income Tax Allowance

If the students' State or territory of residence is—	The percentage is—
Alaska, American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming	0
Connecticut, Louisiana, Puerto Rico	1
Arizona, New Hampshire, New Mexico, North Dakota	2
Alabama, Colorado, Illinois, Indiana, Kansas, Mississippi,Missouri, Montana, Nebraska, New Jersey, Oklahoma	3
Arkansas, Georgia, Iowa, Kentucky, Maine, Pennsylvania, Utah, Vermont, West Virginia, Canada, Mexico	4
California, Idaho, Massachusetts, North Carolina, Ohio, Rhode Island, South Carolina	5
Hawaii, Maryland, Michigan, Wisconsin	6
Delaware, District of Columbia, Minnesota, Oregon	7
New York	8

[(4) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by the student (and spouse) multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

[(h) STUDENT (AND SPOUSE) INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—The student (and spouse) supplemental income from assets is determined by calculating the net assets of the student (and spouse) and multiplying the amount by 35 percent, except that in the case of a student who is a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act), the net value of a principal place of residence shall be considered to be zero.

[(i) ADJUSTMENTS FOR ENROLLMENT PERIODS OTHER THAN 9 MONTHS.—For periods of enrollment other than nine months, the parents' contribution from adjusted available income is determined as follows:

[(1) FOR PERIOD OF ENROLLMENT LESS THAN 9 MONTHS, THE PARENTS' CONTRIBUTION FROM ADJUSTED AVAILABLE INCOME (DETERMINED IN ACCORDANCE WITH SUBSECTION (B)) IS DIVIDED BY 9 AND THE RESULT MULTIPLIED BY THE NUMBER OF MONTHS ENROLLED.

[(2) FOR PERIODS OF ENROLLMENT GREATER THAN 9 MONTHS—

[(A) the parents' adjusted available income (determined in accordance with subsection (b)(1)) is increased by the difference between the standard maintenance allowance (determined in accordance with subsection (c)(4)) for a family of four and a family of five, each with one child in college;

[(B) the resulting revised parents' adjusted available income is assessed according to subsection (e) and adjusted according to subsection (b)(3) to determine a revised parents' contribution from adjusted available income;

[(C) the original parents' contribution from adjusted available income is subtracted from the revised parents' contribution from adjusted available income, and the result is divided by 12 to determine the monthly adjustment amount; and

[(D) the original parents' contribution from adjusted available income is increased by the product of the monthly adjustment amount multiplied by the number of months greater than 9 for which the student will be enrolled.

SEC. 475. EXPECTED FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each dependent student, the expected family contribution is equal to the sum of—

(1) the contribution from parents' income and assets, determined in accordance with subsection (b);

(2) the contribution from student's income, determined in accordance with subsection (h); and

(3) the contribution from student's assets, determined in accordance with subsection (l).

(b) CONTRIBUTION FROM PARENTS' INCOME AND ASSETS.—The parents' contribution from income and assets is equal and—

(l) the sum of—

(A) the standard contribution from parents' income determined in accordance with subsection (c); and

(B) the contribution from parents' assets, determined in accordance with subsection (g); divided by:

(2) the number of family members who meet the requirements of section 484(a)(1) during the award period for which assistance under this title is requested.

(c) STANDARD CONTRIBUTION FROM PARENTS' INCOME.—The standard contribution from parents' income is determined by—

(1) calculating the sum of—

(A) the effective family income determined in accordance with subsection (d); minus

(B) the total offsets against income determined in accordance with subsection (e); and

(2) assessing the result in accordance with subsection (f).

(d) DETERMINATION OF EFFECTIVE FAMILY INCOME.—The effective family income is equal to the annual adjusted family income minus the sums of—

(1) the amount of United States income tax paid or payable by the parents in the tax year preceding the award year; and

(2) an allowance for State and other taxes, as determined by multiplying the parents' total income by a percentage determined according to the following table:

Percentages for Computation of State and Other Tax Allowance

If parents' State or territory of residence is—	*And parents' total income is—*	
	less than $15,000 the percentage is	*$15,000 or more the percentage is*
Alaska, Puerto Rico, Wyoming	*3*	*2*
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	*4*	*3*
Florida, South Dakota, Tennessee, New Mexico	*5*	*4*
North Dakota, Washington	*6*	*5*
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia.	*7*	*6*
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky	*8*	*7*
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	*9*	*8*
Maine, New Jersey	*10*	*9*
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	*11*	*10*
Michigan, Minnesota	*12*	*11*
Wisconsin	*13*	*12*
New York	*14*	*13*

(e) TOTAL OFFSETS AGAINST INCOME.—Total offsets against income are determined by deducting—

(1) a family size offset as determined by the following table:

Family Size Offsets

Family Members	*Amount*
1	*$6,400*
2	*$8,000*
3	*9,800*
4	*12,500*
5	*14,900*
6 or more	*16,600, plus 2,000 for each member over 6.*

(2) an employment expense offset determined in accordance with section 480(b)(3).

(f) A*SSESSMENT OF* D*ISCRETIONARY* I*NCOME.—*

(1) I*N GENERAL.—*(A) The discretionary income that is assessed under this subsection is equal to—

(i) the effective family income (as determined under subsection (d)); minus

(ii) the total offsets to such income (as determined under subsection (e)).

(B) If the discretionary income described in subparagraph (A) is a negative amount, the contribution from the parents' income is zero.

(2) S*TANDARD CONTRIBUTION.—If such discretionary income is a positive amount, the standard contribution from discretionary income is determined in accordance with the following chart:*

Discretionary income	*Expected contribution*
$0 to $5,000	*11% of discretionary income.*
$5,001 to $10,000	*$550, plus 13% of amount over $5,000.*
$10,001 to $15,000	*$1,200, plus 18% of amount over $10,000.*
$15,001 and above	*$2,100, plus 25% of amount over $15,000.*

(g) C*ONTRIBUTION* F*ROM* P*ARENTS'* A*SSETS.—The standard contribution from parents' assets is determined in accordance with paragraphs (1) through (6) as follows:*

(1) P*RINCIPAL PLACE OF RESIDENCE.—If the parental assets include a principal place of residence, deduct $30,000 from the net value of the principal place of residence, except that the net value of a principal place of residence shall be considered to be zero when the adjusted gross income of the parents is $50,000 or less. If the subtraction required by the preceding sentence of this paragraph products a negative number, the amount determined under this paragraph shall be zero.*

(2) O*THER ASSETS.—If the parental assets include assets other than a principal place of residence and other than farm and business assets, deduct $25,000 from the net value of such other assets. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.*

(3) F*ARM OR BUSINESS ASSETS.—If the parental assets include farm or business assets, or both, deduct $80,000 in the case of business assets or $100,000 in the case of farm assets from the net value of the farm or business assets, or both, except that the net value of farm assets shall be considered to be zero when the adjusted gross income of the parents is $50,000 or less. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.*

(4) Special rule.—If the sum of the farm and business deduction and the deductions in paragraphs (1) and (2) exceeds $100,000 in the case of business deductions or $130,000 in the case of farm deductions, the farm and business deductions shall be reduced by the amount that the sum exceeds $110,000 or $130,000, as the case may be.

(5) Expected contribution from parental assets.—(A) The expected contribution from parental assets equals 5 percent of the total of the amounts obtained under paragraphs (1), (2), and (3).

(B) If the calculation of effective family income required by subsection (d) produces a negative number, the expected contribution from parental assets, calculated under this paragraph, shall be reduced by the amount of that negative effective family income. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

(6) Separation or divorce.—(A) If the students' parents are separated or divorced and not remarried, only the assets of the parent whose income is included in computing annual adjusted family income shall be considered.

(B) If that parent has remarried, or if the parent was a widow or widower who has remarried, and the parents' spouse's income also is included in computing effective family income, the assets of that parent's spouse shall also be included.

(h) Contribution From Student's Income.—The contribution from student's income is determined by—

(1) calculating the sum of—

(A) the student's effective income, as determined in accordance with subsection (i); minus

(B) the total offsets against income, as determined in accordance with subsection (j); and

(2) assessing the results in accordance with subsection (k).

(i) Determination of Student's Effective Income.—The effective income of the student is equal to—

(1) the sum of—

(A) the adjusted gross income of the student as reported to the Internal Revenue Service for the year immediately preceding the award year, or income earned from work, but not reported on a Federal income tax return, minus any excludable income (as defined in section 480(b)(4)); and

(B) the total annual amount of untaxed income and benefits received by the student in the year immediately preceding the award year; minus

(2) the amount of United States income tax paid or payable by the student in the tax year preceding the award year.

(j) Total Offsets Against Student's Income.—Total offsets against student's income are—

(1) a dependent student offset of $3,500; and

(2) if the parental discretionary income (as determined under subsection (f)) is a negative amount, the amount, if any, by which the result of the subtraction performed under subsection (g)(5) is less than zero.

(k) Assessment of Student's Income.—

(1) NEGATIVE AMOUNT.—If the student's effective income (as determined under subsection (i)) minus the total offsets (as determined under subsection (j)) is a negative amount, the contribution from student income in zero.

(2) POSITIVE AMOUNT.—If the student's effective income is a positive amount, the contribution from such student's income is equal to 75 percent of such student's effective income, except that for a first-year undergraduate student who was not enrolled at least half-time in the previous academic year, the effective income shall be equal to 50 percent of such student's effective income.

(l) DETERMINATION OF CONTRIBUTION FROM STUDENT'S ASSETS.—The contribution from the student's assets is equal to 33 percent of such student's net assets.

[FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS

[SEC. 476. (a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each independent student without dependents (including a spouse), the expected family contribution is equal to the sum of—

[(1) the student's contribution from income (determined in accordance with subsection (b)); and

[(2) the student's income supplemental amount from assets (determined in accordance with subsection (c)).

[(b) STUDENT'S CONTRIBUTION FROM INCOME.—

[(1) IN GENERAL.—The student's contribution from income is determined by—

[(A) adding the student's adjusted gross income and any income earned from work but not reported on a Federal income tax return, and subtracting excludable income (as defined in section 480);

[(B) computing the student's available taxable income by deducting from the amount determined under subparagraph (A)—

[(i) Federal income taxes;

[(ii) an allowance for State and local income taxes, determined in accordance with paragraph (2);

[(iii) the allowance for social security taxes, determined in accordance with paragraph (3); and

[(iv) a maintenance allowance for periods of non-enrollment not to exceed $600 per month;

[(C) assessing such available taxable income in accordance with paragraph (4); and

[(D) adding to the assessment resulting under subparagraph (C) the amount of the untaxed income and benefits of the student (determined in accordance with section 480(c) plus the amount of veterans' benefits paid during the award period under chapters 32, 34, and 35 title 28, United States Code),

except that the student's contribution from income shall not be less than $1,200.

[(2) ALLOWANCE FOR STATE AND LOCAL INCOME TAXES.—The allowance for State and local income taxes is equal to an amount determined by multiplying total taxable income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

Percentages for Computation of State and Local Income Tax Allowance

If the students' State or territory of residence is—	The percentage is—
Alaska, American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming	0
Connecticut, Louisiana, Puerto Rico	1
Arizona, New Hampshire, New Mexico, North Dakota	2
Alabama, Colorado, Illinois, Indiana, Kansas, Mississippi, Missouri, Montana, Nebraska, New Jersey, Oklahoma	3
Arkansas, Georgia, Iowa, Kentucky, Maine, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Canada, Mexico	4
California, Idaho, Massachusetts, North Carolina, Ohio, Rhode Island, South Carolina	5
Hawaii, Maryland, Michigan, Wisconsin	6
Delaware, District of Columbia, Minnesota, Oregon	7
New York	8

[(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by the student multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

[(4) ASSESSMENT OF AVAILABLE TAXABLE INCOME.—The student's available taxable income (determined in accordance with paragraph (1)(A) of this subsection) is assessed as follows:

[(A) if such available taxable income is equal to or greater than $0 but less than or equal to $8,600, then the assessment is equal to 70 percent of such available taxable income; and

[(B) if such available taxable income is greater than $8,600, then the assessment is equal to $6,020 plus 90 percent of such available taxable income in excess of $8,600.

[(c) STUDENT'S INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—

[(1) IN GENERAL.—The student's income supplemental amount from assets is equal to—

[(A) the student's net worth (determined in accordance with paragraph (2)); minus

[(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

[(C) the asset conversion rate (determined in accordance with paragraph (4));

except that the student's income supplemental amount from assets shall not be less than zero.

[(2) **Student's net worth.**—The student's net worth is calculated by adding—

[(A) the current balance of checking and savings accounts and cash on hand;

[(B) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a displaced worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act); and

[(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 478):

Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than $1	$0
$1-$60,000	40 percent of NW
$60,001-$180,000	$24,000 plus 50 percent of NW over $60,000
$180,001-$300,000	$84,000 plus 60 percent of NW over $180,000
$300,001 or more	$156,000 plus 100 percent of NW over $300,000

[(3) **Asset protection allowance.**—The asset protection allowance is calculated according to the following table:

If the age of the student is—	Then the asset protection allowance is—
25 or less	$0
26	1,500
27	3,000
28	4,500
29	6,100
30	7,600
31	9,100
32	10,600
33	12,100
34	13,600
35	15,100
36	16,600
37	18,200
38	19,700
39	21,200
40	22,700
41	23,200

If the age of the student is—	Then the asset protection allowance is—
42	23,800
43	24,200
44	24,800
45	25,400
46	26,100
47	26,700
48	27,200
49	27,900
50	28,800
51	29,500
52	30,300
53	31,000
54	32,000
55	32,800
56	33,800
57	34,600
58	35,700
59	36,800
60	37,900
61	39,000
62	40,200
63	41,400
64	42,600
65 or more	44,100

[(4) ASSET CONVERSION RATE.—The asset conversion rate is 35 percent.]

SEC. 476. EXPECTED FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS OTHER THAN A SPOUSE.

(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For independent students with dependents other than a spouse, the expected family contribution is equal to—

(1) the sum of—

(A) the standard contribution from student's (and spouse's) income determined in accordance with subsection (b); plus

(B) the contribution from student's (and spouse's) assets determined in accordance with subsection (f); divided by

(2) the number of family members who meet the requirements of section 484(a)(1) during the award period for which assistance under this title is requested.

(b) COMPUTING THE STANDARD CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) INCOME.—The standard contribution from the student's (and spouse's) income is determined by—

(1) calculating the sum of—

(A) the effective family income determined in accordance with subsection (c); minus

(B) the total offsets against income as determined in accordance with subsection (d); and

(2) assessing the results in accordance with subsection (e).

(c) Determination of Effective Family Income.—The effective family income is equal to the annual adjusted family income minus the sum of—

(1) the amount of United States income tax paid or payable by the student (and spouse) in the tax year preceding the award year; and

(2) an allowance for State and other taxes as determined by multiplying the student's (and spouse's) total income by a percentage determined according to the following table:

Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	*And student's (and spouse's) total income is—*	
	less than $15,000 the percentage is	*$15,000 or more the percentage is*
Alaska, Puerto Rico, Wyoming	*3*	*2*
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	*4*	*3*
Florida, South Dakota, Tennessee, New Mexico	*5*	*4*
North Dakota, Washington	*6*	*5*
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia	*7*	*6*
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky	*8*	*7*
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	*9*	*8*
Maine, New Jersey	*10*	*9*
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	*11*	*10*
Michigan, Minnesota	*12*	*11*
Wisconsin	*13*	*12*
New York	*14*	*13*

(d) Total Offsets Against Income.—Total offsets against income are—

(1) a family size offset equal to the amount specified in the following table:

Family Size Offsets

Family Members	*Amount*
2	*$8,000*
3	*$9,800*
4	*$12,500*
5	*$14,900*
6 or more	*$16,600, plus $2,000 for each member over 6.*

(2) in the case of a married independent student when both the student and spouse were employed in the year for which income is reported, or in the case of a student who qualifies as a head of household as defined in section 2 of the Internal Rev-

enue Code of 1986, an employment expense offset determined in accordance with section 480(b)(3)).

(e) Assessment of Discretionary Income.—

(1) In general.—

(A) The discretionary income that is assessed under this subsection is equal to—

(i) the effective family income (as determined under subsection (c)); minus

(ii) the total offsets to such income (as determined under subsection (d)).

(B) If the discretionary income described in subparagraph (A) is a negative amount, the contribution from the student's (and spouse's) income is zero.

(2) Standard contribution.—If such discretionary income is a positive amount, the standard contribution from discretionary income is determined in accordance with the following chart:

Discretionary income	*Expected contribution*
$0 to $5,000	*11% of discretionary income.*
$5,001 to $10,000	*$550, plus 13% of amount over $5,000.*
$10,001 to $15,000	*$1,200, plus 18% of amount over $10,000.*
$15,001 and above	*$2,100 plus 25% of amount over $15,000.*

(f) Contribution From Student's (and Spouse's) Assets.—The standard contribution from student's (and spouse's) assets is determined in accordance with paragraphs (1) through (6) as follows:

(1) Principal place of residence.—If the student's (and spouse's) assets include a principal place of residence, deduct $30,000 from the net value of the principal place of residence, except that the net value of a principal place of residence shall be considered to be zero when the adjusted gross income of the student (and spouse) is $50,000 or less. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

(2) Other assets.—If the student's (and spouse's) assets include assets other than a principal place of residence and other than farm and business assets, deduct $25,000 from the net value of those other assets. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

(3) Farm or business assets.—If the student's (and spouse's) assets include farm or business assets, or both, deduct $80,000 in the case of business assets or $100,000 in the case of farm assets from the net value of the farm or business assets, or both, except that the net value of farm assets shall be considered to be zero when the adjusted gross income of the student (and spouse) is $50,000 or less. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

(4) Special rule.—If the sum of the farm and business deduction and the deductions in paragraphs (1) and (2) exceeds $110,000 in the case of business deductions or $130,000 in the case of farm deductions, the farm and business deduction shall be reduced by the amount that the sum exceeds $110,000, or $130, 000, as the case may be.

(5) Expected contribution from student's assets.—(A) the expected contribution from student's (and spouse's) assets equal 5 percent of the total of the amounts obtained under paragraphs (1), (2), and (3).

(B) If the assessment of discretionary income under subsection (c) produces a negative number, the expected contribution from student's (and spouse's) assets, calculated under this paragraph, shall be reduced by the amount of that negative effective family income. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

(6) Separated or divorced.—If the married independent student with dependents is separated or divorced, only assets of the independent student shall be considered.

[FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS

[Sec. 477. (a) Computation of Expected Family Contribution.—For each independent student with dependents (including a spouse) the expected family contribution is equal to the amount determined by—

[(1) computing adjusted available income by adding—

[(A) the family's available income (determined in accordance with subsection (b));

[(B) the family's income supplemental amount from assets (determined in accordance with subsection (c)); and

[(C) the amount of veterans' benefits to be paid during the award period under chapters 32, 34, and 35 of title 38, United States Code;

[(2) assessing such adjusted available income in accordance with an assessment achedule set forth in subsection (d); and

[(3) dividing the assessment resulting under paragraph (2) by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which assistance under this title is requested;

except that the amount determined under this subsection shall not be less than zero.

[(b) Family's Available Income.—

[(1) In general.—The family's available income is determined by deducting from total income (as defined in section 480)—

[(A) Federal income taxes;

[(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

[(C) an allowance for social security taxes, determined in accordance with paragraph (3);

[(D) a standard maintenance allowance, determined in accordance with paragraph (4);

[(E) an employment expense allowance, determined in accordance with paragraph (5);

[(F) a medical-dental expense allowance, determined in accordance with paragraph (6); and

[(G) an educational expense offset, determined in accordance with paragraph (7);

except that the family's available income shall not be less than $700 for a first year undergraduate student or $900 for any other student.

[(2) ALLOWANCE FOR STATE AND OTHER TAXES.—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 478):

Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	And student's total income is— less than $15,000	$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	9	8
Maine, New Jersey	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	11	10
Michigan, Minnesota	12	11
Wisconsin	13	12
New York	14	13

[(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by the student and the student's spouse multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

[(4) STANDARD MAINTENANCE ALLOWANCE.—The standard maintenance allowance is the amount of reasonable living expenses that would be associated with the maintenance of an individual or family. The standard maintenance allowance is determined by the following table (or a successor table prescribed by the Secretary under section 479):

[

Family size	Number in college					
(including student)	1	2	3	4	5	For each additional subtract:
2	$8,380	$6,950				
3	10,440	9,010	$7,580			
4	12,890	11,460	10,030	$8,600		
5	15,210	13,780	12,350	10,920	$8,490	
6	17,790	16,360	14,930	13,500	12,070	1,430
For each additional add:	2,010	2,010	2,010	2,010	2,010	

[(5) Employment expense allowance.—The employment expense allowance is determined as follows:

[(A) If both the student and a spouse were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lesser of $2,100 or 35 percent of the earned income of the student or spouse with the lesser earned income.

[(B) If a student qualifies as a head of household as defined in section 2 of the Internal Revenue Code, such allowance is equal to the lesser of $2,100 or 35 percent of his or her earned income.

For any award year after award year 1987-1988, this paragraph shall be applied by increasing the dollar amount specified in subparagraphs (A) and (B) to reflect increases in the amount and percent of the Bureau of Labor Standards budget of the marginal costs for meals away from home apparel and upkeep, transportation, and housekeeping services for a two-worker family.

[(6) Medical-dental expense allowance.—The medical-dental expense allowance is equal to the amount by which the sum of unreimbursed medical and dental expenses, including medical insurance premiums, exceeds 5 percent of the total income of the family.

[(7) Educational expense allowance.—The educational expense allowance is equal to the unreimbursed tuition and fees paid by the student or the student's spouse, or both, for each dependent child, enrolled in elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the Center for Educational Statistics using the most recent available data.

[(c) Family's Income Supplemental Amount From Assets.—

[(1) In general.—The family's income supplemental amount from assets is equal to—

[(A) the family net worth (determined in accordance with paragraph (2)); minus

[(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

[(C) the asset conversion rate (determined in accordance with paragraph (4)).

[(2) FAMILY NET WORTH.—The family net worth is calculated by adding—

[(A) the current balance of checking and savings accounts and cash on hand;

[(B) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a displaced homemaker (as defined in section 480(e) of this Act); and

[(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 478):

[

Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than $1	$0
$1—$60,000	40 percent of NW
$60,001—$180,000	$24,000 plus 50 percent of NW over $60,000
$180,000—$300,000	$84,000 plus 60 percent of NW over $180,000
$300,001 or more	$156,000 plus 100 percent of NW over $300,000

]

(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

Asset Protection Allowances for Families and Students

If the age of the student is—	And there are two spouses	And there are one spouse
	then the asset protection allowance is—	
25 or less	$0	$0
26	1,900	1,500
27	3,900	3,000
28	5,800	4,500
29	7,800	6,100
30	9,700	7,600
31	11,700	9,100
32	13,600	10,600
33	15,600	12,100
34	17,500	13,600
35	19,500	15,100
36	21,400	16,600
37	23,400	18,200
38	25,300	19,700
39	27,300	21,200

Asset Protection Allowances for Families and Students—Continued

If the age of the student is—	And there are	
	two spouses	one spouse
40	29,200	22,700
41	30,000	23,200
42	30,800	23,800
43	31,600	24,200
44	32,500	24,800
45	33,300	25,400
46	34,200	26,100
47	35,200	26,700
48	36,100	27,200
49	37,330	27,900
50	38,300	28,800
51	39,600	29,500
52	40,900	30,300
53	42,000	31,000
54	43,400	32,000
55	44,800	32,800
56	46,300	33,800
57	48,100	34,600
58	49,700	35,700
59	51,600	36,800
60	53,300	37,900
61	55,300	39,000
62	57,400	40,200
63	59,600	41,400
64	61,800	42,600
65 or more	64,100	44,100

[(4) ASSET CONVERSION RATE.—The asset conversion rate is determined as follows:

[(A) if the family's net worth (determined in accordance with paragraph (2)) minus the asset protection allowance (determined in accordance with paragraph (3)) is equal to or greater than zero, the conversion rate is 12 percent;

[(B) if such family's net worth minus such asset protection allowance is less than zero and the family's available income (determined in accordance with subsection (c)) is greater than $15,999, the conversion rate is zero percent;

[(C) if such family's net worth minus such asset protection allowance is less than zero and such family's available income is equal to or greater than zero but less than $16,000, the conversion rate is equal to 6 percent multiplied by a fraction—

[(i) the numerator of which is equal to $16,000 minus such family's available income; and

[(ii) the denominator of which is $16,000; and

[(D) if such family's net worth minus such asset protection allowance is less than zero and such family's available income is less than zero, the conversion rate is 6 percent.

[(d) ASSESSMENT SCHEDULE.—The adjusted available income (as determined under subsection (a)(1) and hereafter referred to as "AAI") is assessed according to the following table (or a successor table prescribed by the Secretary under section 478):

[Assessment From Adjusted Available Income (AAI)

If AA is—	Then the assessment is—
Less than −$3,409	−$750
−$3,409 to $7,500	22% of AAI
$7,501 to $9,400	$1,650 + 25% of AAI over $7,500
$9,401 to $11,300	$2,125 + 29% of AAI over $9,400
$11,301 to $13,200	$2,676 + 34% of AAI over $11,300
$13,201 to $15,100	$3,322 + 40% of AAI over $13,200
$15,101 or more	$4,082 + 47% of AAI over $15,100]

SEC. 447. EXPECTED FAMILY CONTRIBUTION FOR SINGLE INDEPENDENT STUDENTS OR FOR MARRIED INDEPENDENT STUDENTS WITHOUT OTHER DEPENDENTS.

(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For single independent students or married independent students without other dependents, the expected family contribution is equal to—

(1) the sum of—

(A) the standard contribution from student's (and spouse's) income determined in accordance with subsection (b); plus

(B) the contribution from student's (and spouse's) assets determined in accordance with subsection (f); divided by

(C) the number of family members who meet the requirements of section 484(a)(1) during the award period for which aid under this subpart is requested.

(b) COMPUTING THE STANDARD CONTRIBUTION FROM STUDENT'S (AND SPOUSE'S) INCOME.—The standard contribution from the student's (and spouse's) income is determined by—

(1) computing the sum of—

(A) the effective family income in accordance with subsection (c); minus

(B) the total offsets against income, as determined in accordance with subsection (d); and

(2) assessing the results in accordance with subsection (e).

(c) DETERMINATION OF EFFECTIVE FAMILY INCOME.—The effective family income is equal to the annual adjusted family income minus the sum of—

(1) the amount of United States income tax paid or payable by the student (and spouse) in the tax year preceding the award year; and

(2) and allowance for State and other taxes as determined by multiplying the student's (and spouse's) total income by a percentage determined according to the following table:

Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	*And student's (and spouse's) total income is—*	
	less than $15,000 the percentage is	*$15,000 or more the percentage is*
Alaska, Puerto Rico, Wyoming	*3*	*2*
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands	*4*	*3*
Florida, South Dakota, Tennessee, New Mexico	*5*	*4*
North Dakota, Washington	*6*	*5*
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia	*7*	*6*
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky	*8*	*7*
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico	*9*	*8*
Maine, New Jersey	*10*	*9*
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island	*11*	*10*
Michigan, Minnesota	*12*	*11*
Wisconsin	*13*	*12*
New York	*14*	*13*

(d) Total Offsets Against Income.—Total offsets against income are determined by deducting—

(1) a family size offset as determined by the following table:

Family Size Offsets

Family Members	*Amount*
1	*$6,400*
2	*8,000*

(2) in the case of a married independent student when both the student and spouse were employed in the year for which income is reported, or in the case of a student who qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, and employment expense offset determined in accordance with section 480(b)(3)).

(e) Assessment of Discretionary Income.—

(1) In general.—(A) The discretionary income that is assessed under this subsection is equal to—

(i) the effective family income (as determined under subsection (c)); minus

(ii) the total offsets to such income (as determined under subsection (d)).

(B) If the discretionary income described in subparagraph (A) is a negative amount, the contribution from the student's (and spouse's) income is zero.

(2) Standard contribution.—If such discretionary income is a positive amount, the standard contribution from student's (and spouse's) income is equal to 75 percent of such discretionary income, except that for a first-year undergraduate student or a first-year graduate student, who was not enrolled at least half-time in the previous academic year and who was not in attendance at a secondary school, the standard contribution from a student's and spouse's income in equal to 50 percent of such student's discretionary income.

(f) Contribution From Student's (and Spouse's) Assets.—

(1) Independent student asset contribution.—The asset contribution amount of an independent student and the student's spouse is equal to 5 percent of the sum of the amounts computed under paragraphs (3) and (4), reduced by the amount, if any, by which effective family income as computed under subsection (c) is less than zero. If the result of such subtraction is a negative amount, the family asset contribution amount is zero.

(2) Family asset contribution.—The family asset contribution amount of a single independent student is equal to 33 percent of such student's net asset value, reduced by the amount, if any, by which effective family income as computed under subsection (c) is less than zero. If such value minus such amount is a negative amount, the family asset contribution amount is zero.

(3) Principal place of residence.—If the asset of an independent student with a spouse include a principal place of residence, deduct $30,000 from the net value of the principal place of residence, except that the net value of a principal place of residence shall be considered to be zero when the adjusted gross income of the student (and spouse) is $50,000 or less. If the subtraction required by the preceding sentence of this paragraph produces a negative number, the amount determined under this paragraph shall be zero.

(4) Other assets.—(A) If the assets of an independent student with a spouse include assets other than a principal place of residence and other than a farm and business assets, deduct $25,000 from the net value of those other assets. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

(B)(i) If the assets of an independent student with a spouse include a farm or business assets, or both, deduct $80,000 in the case of business assets or $100,000 in the case of farm assets from the net value of the farm or business assets, or both, except that the net value of farm assets shall be considered to be zero when the adjusted gross income of the student (and spouse) is $50,000 or less. If the subtraction required by the preceding sentence of this subparagraph produces a negative number, the amount determined under this subparagraph shall be zero.

(ii) If the sum of the farm and business deduction and the deductions in paragraphs (3) and (4)(A) exceeds $110,000 in the case of business deductions or $130,000 in the case of farm deductions, the farm and business deduction shall be reduced by

the amount that such sum exceeds $110,000, or $130,000, as the case may be.

REGULATIONS; UPDATED TABLES

Sec. 478. [(a) Authority To Prescribe Regulations Restricted.—(1) Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this part except—

[(A) to prescribe updated tables in accordance with subsections (b) through (e) of this section; or

[(B) to propose modifications in the need analysis methodology required by this part.

[(2) Any regulation proposed by the Secretary that (A) updates tables in a manner that does not comply with subsections (b) through (e) of this section, or (B) that proposes modifications under paragraph (1)(B) of this subsection, shall not be effective unless approved by joint resolution of the Congress by May 1 following the date such regulations are published in the Federal Register in accordance with section 482. If the Congress fails to approve such regulations by such May 1, the Secretary shall publish in the Federal Register in accordance with section 482 updated tables for the applicable award year that are prescribed in accordance with subsections (b) through (e) of this section.

[(b) Standard Maintenance Allowance.—For each academic year after academic year 1987-1988, the Secretary shall publish in the Federal Register a revised table of standard maintenance allowances for the purpose of sections 475(c)(4) and 477(b)(4). Such revised table shall be developed by increasing each of the dollar amounts contained in the table in each such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary after consultation with the Advisory Committee on Student Financial Assistance) between December 1986 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

[(c) Adjusted Net Worth of a Farm or Business.—For each academic year after academic year 1987-1988, the Secretary shall publish in the Federal Register a revised table of adjusted net worth of a farm of business for the purpose of sections 475(d)(2)(C), 476(c)(2)(C), and 477(c)(2)(C). Such revised table shall be developed—

[(1) by increasing each dollar amount that refers to net worth of a farm of business by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary after consultation with the Advisory Committee on Student Financial Assistance) between 1986 and the December next preceding the beginning of such academic year and rounding the result to the nearest $5,000; and

[(2) by adjusting the dollar amounts "$24,000", "$84,000", and "$156,000" to reflect the changes made pursuant to paragraph (1).

[(d) Asset Protection Allowance.—For each academic year after academic year 1987-1988, the Secretary shall publish in the Federal Register a revised table of asset protection allowances for purposes of sections 475(d)(3), 476(c)(3), and 477(c)(3). Such revised table shall be developed by determining the present value cost, rounded to the nearest $100, of an annuity that would provide, for each age cohort of 40 and above, a supplemental income at age 65 (adjusted for inflation) equal to the difference between the moderate family income (as most recently determined by the Bureau of Labor Statistics) and the current average social security retirement benefits. For each age cohort below 40, the asset protection allowance shall be computed by decreasing the asset protection allowance for age 40, as updated, by one-fifteenth for each year of age below age 40 and rounding the result to the nearest $100. In making such determinations—

[(1) inflation shall be presumed to be 6 percent per year;

[(2) the rate of return of an annuity shall be presumed to be 8 percent; and

[(3) the sales commission on an annuity shall be presumed to be 6 percent.

[(e) Assessment Schedules and Rates.—(1) For each academic year after academic year 1987–1988, the Secretary shall publish in the Federal Register a revised table of assessments from adjusted available income for the purpose of sections 475(e) and 477(d). Such revised table shall be developed—

[(A) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary after consultation with the Advisory Committee on Student Financial Assistance) between December 1986 and the December next preceding the beginning of such academic year, rounded to the nearest $100; and

[(B) by adjusting the other dollar amounts to reflect the changes made pursuant to subparagraph (A).

[(2) For each academic year after academic year 1987–1988, the assessments made pursuant to section 476(b)(4) shall be made—

[(A) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary after consultation with the Advisory Committee on Student Financial Assistance) between December 1986 and the December next preceding the beginning of such academic year, rounded to the nearest $100; and

[(B) by adjusting the other dollar amount to reflect the changes made pursuant to subparagraph (A).

The Secretary shall publish in the Federal Register the adjustments required to carry out this paragraph.

[(f) Definition of Consumer Price Index.—As used in this section, the term "Consumer Price Index" means the Consumer Price Index for All Urban Consumers published by the Department of Labor. Each annual update of tables to reflect changes in the Consumer Price Index shall be corrected for misestimation of actual changes in such Index in previous years.]

(a) Authority To Prescribe Regulations Restricted.—

(1) In general.—Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this subpart except—

(A) to prescribe updated tables under sections 475, 476 and 477; or

(B) to propose modifications in the student aid methodology required by this subpart.

(2) SPECIAL RULE.—Any regulation proposed by the Secretary that (A) updates tables in a manner that does not comply with subsection (b), or (B) proposes modifications under paragraph (1)(B) of this subsection, shall not be effective unless approved by joint resolution of the Congress by May 1 following the date such regulations are published in the Federal Register in accordance with section 482. If the Congress fails to approve such regulations by such May 1, the Secretary shall publish in the Federal Register in accordance with section 482 updated tables for the applicable award year that are prescribed in accordance with subsection (b) of this section.

(b) PROVISION FOR GOVERNING UPDATED TABLES.—

(1) ADJUSTMENTS.—(A) Each of the amounts allowed as an offset for family size for dependent and independent students shall, for each academic year after academic year 1991–1992, be adjusted by the Secretary by increasing (or decreasing) the comparable amount for the preceding academic year by a percentage equal to the percentage increase (or decrease) in the Consumer Price Index for Wage Earners and Clerical Workers published by the Department of Labor, and rounded to the nearest $100.

(B) The Secretary shall publish in the Federal Register a revised table for an offset for family size in accordance with section 482.

(2) REVISIONS.—(A) The Secretary shall, for each academic year after academic year 1991–1992, publish in the Federal Register such revisions in offsets against income, asset determination, and assessment rates as are necessary to reflect the most recent and relevant data.

(B) The Secretary shall publish in the Federal Register the revised determinations required by subparagraph (A) in accordance with section 482.

SIMPLIFIED NEEDS TEST

SEC. 479. (a) APPLICABLE TO ALL TITLE IV PROGRAMS.—[The Secretary] *Except as provided in subsection (c), the Secretary* shall use a simplified needs analysis for any provision of this title based upon the elements set forth in subsection (b) for the calculation of the expected family contribution for families (1) who have adjusted gross incomes which equal to or less than [$15,000] *$50,000 (excluding a dependent student's income)* per year and (2) [who file] *who file or are eligible to file* a form 1040A or 1040EZ pursuant to the Internal Revenue Code of 1986, *or who file or are eligible to file an income tax return pursuant to the tax code of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or Palau, or who are not required to file pursuant to such tax code* or are not required to file pursuant to such Code.

(b) * * *

* * * * * * *

(6) an allowance (A) for State and other taxes, as defined in section [475(c)(2)] *475(d)(2)* for dependent students and in section [477(b)(2)] *477(c)(2)* for independent students with dependents, or (B) for State and local income taxes, as defined in section [476(b)(2)] *476(c)(2)* for independent students without dependents;

(c) Special Treatment of AFDC/ADC Recipients.—The expected family contribution shall be zero for the purpose of awarding assistance under part A (other than under subpart 3 of part A), and parts B, C and E for any applicant receiving aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act, or aid to dependent children.

[(c)(d) Simplified Application Form.—The Secretary shall develop and use a simplified application form for families described in this section to qualify for the use of a simplified needs analysis.]

(d) Simplified Application Form.—

(1) In general.—The Secretary shall develop and use an easily identifiable simplified application form as part of the common financial reporting form prescribed in section 483(a) for families described in this section to qualify for the use of a simplified student aid methodology and zero family contribution.

(2) Reduced data requirements.—The simplified application form shall reflect the reduced data requirements described in subsections (b) and (c).

DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS

Sec. 479A. (a) In General.—Nothing in this title shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the data required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances not addressed by the data elements in subparts 1 and 2 of part A and parts B, C, and E of this title. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected under subparts 1 and 2 of part A and parts B, C, and E in the absence of special circumstances. *Furthermore, a financial aid administrator shall make necessary adjustments in accordance with subsection (c).* Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this title shall be interpreted as limiting the authority of the student financial aid administrator in such cases to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under subparts 1 and 2 of part A and parts B, C, and E of this title. *No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.*

(b) * * *

* * * * * * *

(c) Special Adjustments.—A student financial aid administrator shall make a necessary adjustment described in subsection (a) under the following circumstances:

(1) In the case of dislocated workers, as defined in section 480(a)(5)—

(A) the administrator shall use the income for the year in which the determination is made (the award year) rather than the income reported in the preceding tax year; and

(B) the administrator shall exclude the net value of investments and real estate, including the primary residence, in the calculation of the expected family contribution.

(2) In the case of a displaced homemaker, as defined in section 480(a)(6), the administrator shall exclude the net value of investments and real estate, including the primary residence, from the calculation of the expected family contribution.

(3) In the case of unreimbursed medical or dental expenses, the administrator shall reduce available income by the amount of unreimbursed medical expenses in excess of 5 percent of total income in calculating the expected family contribution.

(4) In the case of elementary and secondary tuition and fees, the administrator shall reduce available income by the unreimbursed tuition and fees paid by the parents for dependents which shall not exceed for each dependent the national average per pupil instructional cost published by the Center for Educational Statistics using the most recent data available.

[(c)] *(d)* Asset Adjustment as Example.—The asset adjustment described in subsection (b) is an example of the type of adjustment which financial aid administrators are authorized to make by subsection (a), and shall not be considered to be the only adjustment that is so authorized.

* * * * * * *

[DEFINITIONS

[Sec. 480. As used in this part:

[(a) Total Income.—(1) Except as provided in paragraphs (2) through (4), the term "total income" is equal to adjusted gross income plus untaxed income and benefits for the preceding tax year minus excludable income (as defined in subsection (f)).

[(2) In the computation of family contribution for the programs under subpart 2 of part A and parts B, C, and E of this title for any academic year, there shall be excluded from family income any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation.

[(3) Income in the case of a dislocated worker shall be the income for the year of which the determination is made. For the purpose of this subparagraph, a dislocated worker is a worker identified pursuant to title III of the Job Training Partnership Act.

[(4) No portion of any student financial assistance received from any program by an individual shall be included as come in the computation of expected family contribution for any program funded in whole or in part under this Act.

[(b) UNTAXED INCOME AND BENEFITS OF PARENTS AND INDEPENDENT STUDENTS WITH DEPENDENTS.—The term "untaxed income and benefits" when applied to parent contributions or the contributions of independent students with dependents (including spouses) means—

[(1) child support received;

[(2) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;

[(3) workman's compensation;

[(4) veterans' benefits such as death pension, dependency and indemnity compensation, but excluding veterans' education benefits;

[(5) interest on tax-free bonds;

[(6) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

[(7) cash support or any money paid on the student's behalf;

[(8) the amount of earned income credit claimed for Federal income tax purposes;

[(9) untaxed portion of pensions;

[(10) credit for Federal tax on special fuels;

[(11) the amount of foreign income excluded for purposes of Federal income taxes;

[(12) untaxed social security benefits;

[(13) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

[(14) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.

[(c) UNTAXED INCOME AND BENEFITS OF DEPENDENT STUDENTS OR INDEPENDENT STUDENTS WITHOUT DEPENDENTS.—For the purpose of this part, the term "untaxed income and benefits" when applied to the contributions of dependent students or independent students without dependents means—

[(1) Child support received;

[(2) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;

[(3) workman's compensation;

[(4) veterans' benefits such as death pension, dependency and indemnity compensation, but excluding veterans' education benefits;

[(5) interest on tax-free bonds;

[(6) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

[(7) cash support or any money paid on the student's behalf;

[(8) the amount of earned income credit claimed for Federal income tax purposes;

[(9) untaxed portion of pensions;

[(10) credit for Federal tax on special fuels;

[(11) the amount of foreign income excluded for purposes of Federal income taxes;

[(12) untaxed social security benefits;

[(13) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

[(14) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.

[(d) Independent Student.—(1) The term "independent", when used with respect to a student, means any individual who—

[(A) is 24 years of age or older by December 31 of the award year; or

[(B) meets the requirements of paragraph (2).

[(2) Except as provided in paragraph (3), an individual meets the requirements of this paragraph if such individual—

[(A) is an orphan or ward of the court;

[(B) is a veteran of the Armed Forces of the United States;

[(C) is a graduate or professional student who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of the award year;

[(D) is a married individual who declares that he or she will not be claimed as a dependent for income tax purposes by his or her parents (or guardian) for the first calendar year of the award year;

[(E) has legal dependents other than a spouse;

[(F) is a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents (or guardian) for income tax purposes for the 2 calendar years preceding the award year and demonstrates to the student financial aid administrator total self-sufficiency during the 2 calendar years preceding the award year in which the initial award will be granted by demonstrating annual total resources (including all sources of resources other than parents and living allowances as a result of participation in a program established under the National and Community Service Act of 1990) of $4,000; or

[(G) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

[(3) An individual may not be treated as an independent student pursuant to subparagraphs (C), (D), and (F) of paragraph (2) if the financial aid administrator determines that such individual was treated as an independent student during the preceding award year, but was claimed as a dependent by any other individual (other than a spouse) for income tax purposes for the first calendar year of such award year.

[(4) The financial aid administrator may certify an individual described in subparagraph (C), (D), or (F) of paragraph (2) on the basis of a demonstration made by the individual, but no disbursal of an award may be made without documentation.

[(e) DISPLACED HOMEMAKER.—The term "displaced homemaker" means an individual who—

[(1) has not worked in the labor force for a substantial number of years but has, during those years, worked in the home providing unpaid services for family members;

[(2) (A) has been dependent on public assistance or on the income of another family member but is no longer supported by that income, or (B) is receiving public assistance on account of dependent children in the home; and

[(3) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

[(f) EXCLUDABLE INCOME.—The term "excludable income" means—

[(1) any unemployment compensation received by a dislocated worker certified in accordance with title III of the Job Training Partnership Act;

[(2) any student financial assistance awarded based on need as determined in accordance with the provisions of this part, including any income earned from work under part C of this title; and

[(3) any living allowance received by a participant in a program established under the National and Community Service Act of 1990.

[(g) ASSETS.—The term "assets" means cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, and the net value of real estate, income producing property, and business and farm assets.

[(h) NET ASSETS.—The term "net assets" means the current market value at the time of application of the assets included in the definition of "assets", minus the outstanding liabilities or indebtedness against the assets.

[(i) TREATMENT OF INCOME TAXES PAID TO OTHER JURISDICTIONS.—(1) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Northern Mariana Islands, or the Trust Territory of the Pacific Islands under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as Federal income taxes.

[(2) References in this part to the Internal Revenue Code of 1986, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in paragraph (1), be treated as references to those corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may prescribe by regulation.]

SEC. 480. DEFINITIONS; GENERAL CALCULATION RULES.

(a) DEFINITIONS.—As used in this part (except subpart 3 of part A):

(1) ASSETS.—The term "assets" means cash on hand, including amounts in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, and the net value of real estate, income producing property, and business and farm assets.

(2) Award year.—The term "award year" is the period of time between July 1 of the first year and June 30 of the following year.

(3) Business assets.—The term "business assets" means property that is used in the operation of a trade or business, including real estate, inventories, buildings, machinery, and other equipment, parents, franchise rights and copyrights.

(4) Dependent.—The term "dependent"—

(A) when used with respect to a student and except as otherwise provided, means the student's spouse, the student's dependent children, and other persons who live with and receive more than one-half of their support from the student and will continue to receive more than one-half of their support from the student during the award year; and

(B) when used with respect to a parent, means the parents of the student, the student, any of the student's dependent children, dependent children of the student's parents (including those children who are deemed to be dependent students when applying for aid under this title) and other persons who live with and receive more than one-half of their support from the parents and will continue to receive more than one-half of their support from the parents during the award year.

(5) Dislocated worker.—The term "dislocated worker" means a worker identified pursuant to section 301(a) of the Job Training Partnership Act.

(6) Displaced homemaker.—The term "displaced homemaker" means an individual who—

(A) has not worked in the labor force for a substantial number of years but has, and during those years, worked in the home providing unpaid services for family members;

(B)(i) has been a dependent on public assistance or on the income of another family member but is no longer supported by that income, or

(ii) is receiving public assistance on account of dependent children in the home; and

(C) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

(7) Farm assets.—The term "farm assets" means any property owned and used in the operation of a farm for profit, including real estate, livestock, livestock products, crops, farm machinery, and other equipment inventories. A farm is not considered to be operated for profit if crops or livestock are raised mainly for the use of the family, even if some income is derived from incidental sales.

(8) Independent.—The term "independent", when used with respect to a student, means any individual who—

(A) is 24 years of age or older by December 31 of the first calendar year of the award year;

(B) is an orphan or ward of the court;

(C) is a veteran of the Armed Forces of the United States;

(D) is a graduate or professional student;

(E) is married or has legal dependents; and

(F) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

(9) Net assets.—The term "net assets" means the current market value at the time of application of assets (as defined in paragraph (1)) minus the outstanding liabilities (indebtedness) against such assets.

(10) Special taxes and references.—(A) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federal States of Micronesia, or Palau under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as United States income taxes.

(B) References in this subpart to the Internal Revenue Code of 1986, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in subparagraph (A), be treated as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may provide by regulation.

(11) Untaxed income and benefits.—The term "untaxed income and benefits" means—

(A) child support received;

(B) welfare benefits, excluding aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act and aid to dependent children;

(C) workman's compensation;

(D) veterans' benefits such as death pension, dependency and indemnity compensation, but excluding veterans' education benefits;

(E) interest on tax-free bonds;

(F) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

(G) cash support or any money paid on the student's behalf;

(H) the amount of earned income credit claimed for Federal income tax purposes;

(I) untaxed portion of pensions;

(J) credit for Federal tax on special fuels;

(K) the amount of foreign income excluded for purposes of Federal income taxes;

(L) untaxed social security benefits;

(M) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

(N) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job Training Partnership Act noneducational benefits.

(b) GENERAL CALCULATION RULES.—

(1) ANNUAL ADJUSTED FAMILY INCOME.—The term "annual adjusted family income" means the sum received in the year immediately preceding the award year, by the student's parents (in the case of a dependent student), or by the student and, if applicable, the student's spouse (in the case of an independent student), except excludable income under paragraph (4) of this subsection, from the following sources and calculated as follows:

(A) Adjusted gross income, as defined in section 62 of the Internal Revenue Code of 1986.

(B) Untaxed income and benefits, as defined in paragraph (a)(11).

(C) Income for a student whose parents are divorced or separated determined as follows:

(i) Include only the income of the parent with whom the student resided for the greater portion of the 12-month period preceding the date of the application.

(ii) If the criterion described in clause (i) does not apply, include only the income of the parent who provided the greater portion of the student's support for the 12-month period preceding the date of application.

(iii) If neither of the criteria described in clauses (i) or (ii) apply, include only the income of the parent who provided the greater support during the most recent calendar year for which parental support was provided.

(D) Income in the case of the death of any parent is determined as follows:

(i) If either of the parents have died, the student shall include only the income of the surviving parent.

(ii) If both parents have died, the student shall not report any parental income.

(E) If income in the case of a parent whose income is taken into account under subparagraph (C) of this paragraph, or a parent who is a widow or widower and whose income is taken into account under clause (i) of this subparagraph, has remarried, then the income of that parent's spouse shall be included in determining the student's annual adjusted family income only if—

(i) the student's parent and the stepparent are married as of the date of application for the award year concerned; and

(ii) the student is not an independent student.

(2) EFFECTIVE FAMILY INCOME.—The effective family income shall be determined on the basis of the annual adjusted family income minus the Federal taxes and imputed State and other taxes paid or payable for the year that adjusted gross income is used in the calculation of the student's expected family contribution.

(3) EMPLOYMENT EXPENSE OFFSET.—(A) The employment expense offset is determined as follows:

(i) If both parents were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution,

such offset is equal to the lesser of $2,100 or 35 percent of the earned income (income earned by work) of the parent with the lesser earned income.

(ii) If a parent qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, such offset is equal to the lesser of $2,100 or 35 percent of the parent's earned income.

(B) The employment expense offset in the case of an independent student with dependents or married independent student is determined as follows:

(i) If both the student and the student's spouse were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such offset is equal to the lesser of $2,100 or 35 percent of the earned income (income earned by work) of the spouse with the lesser earned income.

(ii) If a student qualifies as a head of household as defined in section 2 of the Internal Revenue Code of 1986, such offset is equal to the lesser of $2,100 or 35 percent of the student's earned income.

(C) For any award year after award year 1987-1988, this paragraph shall be applied by increasing the dollar amount specified in subparagraphs (A) and (B) to reflect increases in the amount and percent of the Bureau of Labor Standards Budget of the marginal costs for meals away from home, apparel and upkeep, transportation, and housekeeping services for a two-person worker versus one-worker family.

(4) EXCLUDABLE INCOME.—(A) the term "excludable income" means the income described in subparagraph (B) which shall be excluded for the purpose of determining "annual adjusted family income" under paragraph (1).

(B) For the purpose of determining adjusted family income exclude the following:

(i) For a Native American student, the annual adjusted family income does not include any income and assets of $2,000 or less per individual payment received by the student (and spouse) and student's parents under the Act commonly referred to as the Per Capita Act (25 U.S.C. 117b) or the Indian Tribal Judgment Funds Use or Distribution Act (25 U.S.C. 1401 et seq.) or any income received by the student (and spouse) and student's parents under the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.) or the Maine Indians Claims Settlement Act (25 U.S.C. 1721 et seq.).

(ii) In the case of a student who is divorced or separated, or whose spouse has died, the spouse's income shall not be considered in determining the effective family income.

(iii) The annual adjusted family income does not include any student financial assistance (including any income earned from work under part C of this title) except veterans' or social security benefits set forth in paragraph (6) of this subsection.

(5) FAMILY SIZE DETERMINATION.—(A) In determining family size in the case of a dependent student—

(i) if the parents are not divorced or separated, family members include the student's parents, and the dependents of the student's parents including the student;

(ii) if the parents are divorced or separated, family members include the parent whose income is included in computing the effective family income and that parent's dependents, including the student; and

(iii) if the parents are divorced and the parent whose income is so included is remarried, or if the parent was a widow or widower who has remarried, family members also include, in addition to those individuals referred to in subparagraph (B), the new spouse and any dependents of the new spouse if that spouse's income is included in determining effective family income.

(B) In determining family size in the case of an independent student with dependents—

(i) family members include the student, the student's spouse, and the student's dependents; and

(ii) if the student is divorced or separated, family members do not include the spouse (or ex-spouse), but do include the student and the student's dependents.

PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

Subpart—1 Miscellaneous General Provisions

DEFINITIONS

SEC. 481. (a) INSTITUTION OF HIGHER EDUCATION.—(1)*(A)* Subject to subsection (e) *and subparagraph (B)*, for the purpose of this title, except subpart 6 of part A and part B, the term "institution of higher education" includes, in addition to the institutions covered by the definition contained in section 1201(a)—

* * * * * * *

[(A)] *(i)* a proprietary institution of higher education;

* * * * * * *

[(B)] *(ii)* a postsecondary vocational institution;

* * * * * * *

[(C)] *(iii)* a department, division, or other administrative unit in a college or university which provides primarily or exclusively an accredited program of education in professional nursing and allied subjects leading to the degree of bachelor of nursing, or to an equivalent degree, or to a graduate degree in nursing; and

* * * * * * *

[(D)] *(iv)* a department, division, or other administrative unit in a junior college, community college, or university which provides primarily or exclusively an accredited 2-year program of education in professional nursing and allied subjects leading to an associate degree in nursing or to an equivalent degree.

(B) Any entity shall not be considered to be an institution of higher education pursuant to subparagraph (A), if such entity—

(i) offers more than 50 percent of such entity's courses by correspondence;

(ii) has a student enrollment in which more than 25 percent of the students are incarcerated; and

(iii) employs or uses commissioned salesmen in any phase of its operation.

(iv) has a student enrollment in which more than 50 percent of the students are admitted pursuant to section 484(d).

* * * * * * *

(b) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—For the purpose of this section, the term "proprietary institution of higher education" means a school (1) which provides not [less than a 6-month program] *an eligible program* of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1) and (2) of section 1201(a), (3) which does not meet the requirement of clause (4) of section 1201(a), (4) which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, and (5) which has been in existence for at least 2 years. Such term also includes a proprietary educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit (as determined by the institution under section 484(d)) from the training offered by the institution. For the purpose of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered. The Secretary shall not, except in accordance with section 484(d) of this Act, promulgate regulations defining the admissions procedures or remediation programs that must be used by an institution in admitting students on the basis of their ability to benefit from the training offered and shall not, as a condition of recognition under section 413(e) of this Act, impose upon any accrediting body or bodies standards which are different or more restrictive than the standards provided in this subsection.

(c) POSTSECONDARY VOCATIONAL INSTITUTION.—For the purpose of this section, the term "postsecondary vocational institution" means a school(1) which provides [not less than a 6-month program] *an eligible program* of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1), (2), (4), and (5) of section 1201(a), and (3) which has been in existence for at least 2 years. Such term also includes an educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit (as determined by the institution under section 484(d)) from the training offered by the institution.

[(d) ACADEMIC YEAR.—For the purpose of any program under this title, the term "academic year" shall be defined by the Secretary by regulation.]

(d) ACADEMIC YEAR.—For the purpose of this title, the term "academic year" shall mean—

(1) 900 clock hours;

(2) 36 quarter credit hours; or

(3) 24 semester credit hours.

* * * * * * *

(f) ELIGIBLE PROGRAM.—For the purpose of this section the term "eligible program" means a program of—

(1) 600 clock hours of instruction, 16 semester hours, or 24 quarter hours, offered during a minimum of 20 weeks, in the case of a program that—

(A) provides educational training; and

(B) admits students who have not completed the equivalent of an associate's degree; or

(2) 300 clock hours of instruction, 8 semester hours, or 12 quarter hours, offered during a minimum of 10 weeks, in the case of—

(A) undergraduate programs that require the equivalent of an associate degree for admissions; and

(B) all graduate and professional programs.

(g) ORGANIZATION RELATIONSHIP.—For purposes of this title, the term "origination relationship" means a special relationship—

(1) under which the lender delegates to the school substantial loan-making functions normally performed by lenders in making loans under this title; and

(2) which is evidenced by—

(A) a written agreement between the school and the lender providing for such delegation; or

(B) the school, with the consent of the lender, completing the lender's section of the loan application on behalf of the lender and signing such application as agent for the lender.

MASTER CALENDAR

SEC. 482. (a) * * *

* * * * * * *

(c) DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.—Any additional regulatory changes initiated by the Secretary affecting [the general administration] of the programs pursuant to this title that have not been published in final form by December 1 prior to the start of the award year shall not become effective until the beginning of the second award year after the December 1 date.

* * * * * * *

FORMS AND REGULATIONS

SEC. 483. (a) COMMON FINANCIAL AID FORM AND PROCESSING.—(1) The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall prescribe, *publish and distribute free of charge,*" a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance under parts A, C, and E of this title (other than under subpart 3 of part A), *to identify students for mandatory adjustments under section 479A(c)* and to determine the need of a student for the purpose of part B of this title. *The Secretary shall print, distribute and process one such reporting form. The Secretary shall prescribe a common reapplication form and process for students who have completed the common financial reporting form in a prior year.* For the purpose of collecting eligibility and other data for the purpose of part B, guaranty agencies, in cooperation with the Secretary, shall develop separate, identifiable loan application documents that applicants or institutions in which the students are enrolled or accepted for enrollment *on at least a half-time basis* shall submit directly to eligible lenders and on which the applicant shall clearly indicate a choice of lender. No student or parent of a student shall be charged a fee for processing the form prescribed by the Secretary whether the student completes that form or any other approved form. A student or parent may be charged a fee for processing an institutional or a State financial aid form or data for processing an institutional or a State financial aid form or data elements that is not required by the Secretary, *except that such State data may not be combined with the required Federal data on the common form*.

(2) The Secretary shall, to the extent practicable, enter into not less than 5 contracts with States, institutions of higher education, or private organizations for the purpose of processing the application required under this subsection and issuing eligibility reports. *The Secretary is authorized to use such contracts to assist States with collection of data required to award State grants.* The Secretary shall not select new multiple data entry processors after the date of enactment of the Higher Education Amendments Act of 1986, until the Advisory Commission on Student Financial Assistance has examined and made recommendations on the expansion of the number and kind of processors and its impact on students, has assessed and made recommendations on the relative cost of processing applications and development fees, and has examined and made recommendations on the implementation of a standardized fee for the reimbursement of all processors by the Federal Government.

(3) As part of the procurement process for the 1993–1994 award year, and for all procurements thereafter pertaining to the contracts identified in paragraph (2) of this subsection, the Secretary shall require all entities competing for such contracts to—

(A) use a common financial reporting form as prescribed in paragraph (1), which shall be clearly identified as the "Free Application for Federal Student Aid" and shall be clearly distinguished from the non-Federal portion of the form by means of a bold line, bold print, clear instructions, or other appropriate means;

(B) use a common, simplified reapplication form as the Secretary shall prescribe in each award year; and

(C) provide the estimated marginal cost of collecting and processing additional non-Federal data elements that may be used by States for the purpose of awarding State assistance.

[(3)] *(4)* The Secretary shall reimburse all approved contractors at a reasonable predetermined rate for processing such applications, for issuing eligibility reports, and for carrying out other services or requirements that may be prescribed by the Secretary.

[(4)] *(5)* All approved contractors shall be required to adhere to all editing, processing, and reporting requirements established by the Secretary to ensure consistency.

[(5)] *(6)* Nothing in this section shall prohibit States, institutions of higher education, or private organizations from simultaneously collecting data elements, in addition to the data elements prescribed by the Secretary, as may be necessary to determine the eligibility of a student for financial aid funds not covered by this title.

(b) Common Guaranteed Student Loan Application Form and Promissory Note.—

(1) In general.—The Secretary, in cooperation with representatives of guaranty agencies, eligible lenders, and organizations involved in student financial assistance, shall prescribe a common application form and promissory note to be used for applying for loans under part B of this title.

(2) Requirements.—The form prescribed by the Secretary shall, to the maximum extent practicable—

(A) use plain English to facilitate understanding of loan terms and conditions by applicants;

(B) be formatted to require the submission of the form directly by the applicant or the eligible institution in which the student is enrolled or has been accepted for enrollment and on which the applicant shall clearly indicate a choice of guarantor and lender; and

(C) permit application for any loan under part B other than loans under section 428C.

(3) Draft form.—The Secretary shall circulate a draft of the form developed pursuant to this subsection not later than 180 days after the date of enactment of the Higher Education Amendments of 1991 and shall approve a form for use not later than 360 days after the date of such Act.

[(b)] *(c)* Certification of Capability.—Beginning with the 1988–1989 processing year, the Secretary shall be authorized to enter into agreements with institutions of higher education, States, or private organizations for the purpose of certifying the capability of their systems for determining expected family contributions under part F of this title.

[(c)] *(d)* Information to Committees of Congress.—Copies of all rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this title shall be provided to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives at least 45 days prior to their effective date.

(d) *(e)* Information or Eligibility for Assistance.—To help ensure access to postescondary education by providing early notice to students of their potential eligibility for financial aid, [the Secretary is authorized to enter into contracts with States institutions of higher education, and private organization for the purpose of—]

the Secretary, as part of the contracts described in subsection (a)(2), shall—

(1) [developing] *develop and process* a common pre-eligibility Federal financial aid form,

(2) [distributing and processing] *distribute and process* such form on a year-round basis free of charge to students *and parents* and

(3) [issuing] *issue* on the basis of information reported by the student on such form, a pre-eligibility [index designed, to estimate] *expected family contribution figure and an estimate of* the amount of Federal and, if feasible, non-Federal funds for which the student might qualify in later completing and submitting the application form called for under this section.

[(e)] *(f)* TOLL FREE INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone number to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing application forms for assistance under this title.

[(f) NOTICE OF STUDENT AID RECEIPT.—(1) the Secretary shall develop a single form on which the amount of assistance received under this title (except assistance received under subparts 4, 5, and 7 of part A) by each student who receives such assistance can be recorded. This from shall be titled "United States Department of Education, Federal Student Assistance Report". Such form shall have prominently displayed the Great Seal of the United States. Such form shall be same or a closely similar color to that of checks issued by the Treasury Department and be provided by the Secretary free to eligible institutions in sufficient quantity and in a timely manner so that each eligible institution can provide a completed copy to each recipient of assistance under this title (except assistance received under subparts 4, 5, and 7 of part A) at the time awards are made but not less than once annually.

[(2) Eligible institutions shall provide to each recipient of assistance under this title (except assistance received under subparts 4, 5, and 7 of part A) a completed copy of the "United States Department of Education, Federal Student Assistance Report" form at the time awards are made but not less than once annually.]

(g) NOTICE OF STUDENT AID RECEIPT.—

(1) NOTICE.—Each student receiving assistance under this title shall receive notice of receipt of such assistance.

(2) DISTRIBUTION.—The notice described in paragraph (1) shall be distributed by participating institutions without limit to format, except that the program name, including the "Federal" designation, shall be specified on such notice.

(h) COMMON DEFERMENT FORM.—The Secretary, in cooperation with representatives of guaranty agencies, institutions of higher education, and lenders involved in loans made under part B of this title, shall prescribe a common deferment reporting form to be used for the processing of deferments of loans made under this title.

(i) SPECIAL RULE.—Any financial aid application required to be made under subpart 1 of part A or part B of this title shall include the name, signature, address, social security number, and organizational affiliation of the preparer of such financial aid application.

STUDENT ELIGIBILITY

Sec. 484. (a) In General—In order to receive any grant, loan, or work assistance under this title, a student must—

(1) be enrolled or accepted for enrollment in a degree, certificate, or other program *(including a program of study abroad approved for credit by the eligible institution)* leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487, except as provided in subsections (b)(3) and (b)(4);

* * * * * * *

(b) Eligibility for Student Loans.—(1) * * *

* * * * * * *

(5) In order to be eligible to receive a loan made, insured or guaranteed under this title, a student may not be incarcerated.

* * * * * * *

(d) Ability to Benefit.—In order for a student who is admitted on the basis of ability to benefit from the education or training offered to be eligible for any grant, loan, or work assistance under this title, the student shall, prior to enrollment, pass an independently administered examination [approved by the Secretary] *that meets such standards for development, administration, and scoring as the Secretary may prescribe in regulations.*

* * * * * * *

(g) Loss of Eligibility for Violation of Loan Limits.—No student shall be eligible to receive any grant, loan or work assistance under this title if the eligible institution determines that the student *fraudulently* borrowed in violation of the annual loan limits under part B or part E of this title in the same academic year, or if the student *fraudulently* borrowed in excess of the aggregate maximum loan limits under such part B or part E. *If the institution determines that the student inadvertently borrowed amounts in excess of such annual or aggregate maximum loan limits, such institution shall allow the student to repay any amount borrowed in excess of such limits prior to certifying the student's eligibility for further assistance under this title.*

[(h) Immigration Status Verification Required.—The following conditions apply with respect to an individual's receipt of any grant, loan, or work assistance under this title as a student at an institution of higher education:

[(1)(A) There must be a declaration in writing to the institution by the student, under penalty of perjury, stating whether or not the student is a citizen or national of the United States, and, if the student is not a citizen or national of the United States, that the individual is in a satisfactory immigration status.

[(B) In this subsection, the term "satisfactory immigration status" means an immigration status which does not make the student ineligible for a grant, loan, or work assistance under this title.

[(2) If the student is not a citizen or national of the United States, there must be presented to the institution either—

[(A) alien registration documentation or other proof of immigration registration from the Immigration and Naturalization Service that contains the individual's alien admission number or alien file number (or numbers if the individual has more than one number), or

[(B) such other documents as the institution determines (in accordance with guidelines of the Secretary) constitutes reasonable evidence indicating a satisfactory immigration status.

[(3) If the documentation described in paragraph (2)(A) is presented, the institution shall utilize the individual's alien file or alien admission number to verify with Immigration and Naturalization Service the individual's immigration status through an automated or other system (designated by the Service for use with institutions) that—

[(A) utilizes the individual's name, file number, admission number, or other means permitting efficient verification, and

[(B) protects the individual's privacy to the maximum degree possible.

[(4) In the case of such an individual who is not a citizen or national of the United States, if the statement described in paragraph (1) is submitted but the documentation required under paragraph (2) is not presented or if the documentation required under paragraph (2)(A) is presented but such documentation is not verified under paragraph (3)—

[(A) the institution—

[(i) shall provide a reasonable opportunity to submit to the institution evidence indicating a satisfactory immigration status, and

[(ii) may not delay, deny, reduce, or terminate the individuals' eligibility for the grant, loan, or work assistance on the basis of the individual's immigration status until such a reasonable opportunity has been provided; and

[(B) if there are submitted documents which the institution determines constitutes reasonable evidence indicating such status—

[(i) the institution shall transmit to the Immigration and Naturalization Service photostatic or other similar copies of such documents for official verification,

[(ii) pending such verification, the institution may not delay, deny, reduce, or terminate the individual's eligibility for the grant, loan, or work assistance on the basis of the individual's immigration status, and

[(iii) the institution shall not be liable for the consequences of any action, delay, or failure of the Service to conduct such verification.

[(5) If the institution determines after complying with the requirements of paragraph (4), that such an individual is not in a satisfactory immigration status—

[(A) the institution shall deny or terminate the individual's eligibility for such grant, loan, or work assistance, and

[(B) the fair hearing process (which includes, at a minimum, the requirements of paragraph (6)) shall be made available with respect to the individual.

[(6) The minimal requirements of this paragraph for a fair hearing process are as follows:

[(A) The institution provides the individual concerned with written notice of the determination described in paragraph (5) and of the opportunity for a hearing respecting the determination.

[(B) Upon timely request by the individual, the institution provides a hearing before an official of the institution at which the individual can produce evidence of a satisfactory immigration status.

[(C) Not later than 45 days after the date of an individual's request for a hearing, the official will notify the individual in writing of the official's decision on the appeal of the determination.]

(h) VERIFICATION OF IMMIGRATION STATUS.—

(1) IN GENERAL.—The Secretary shall implement a system under which the statements and supporting documentation, if required, of an individual declaring that such individual is in compliance with the requirements of subsection (a)(5) shall be verified prior to the individual's receipt of a grant, loan, or work assistance under this title.

(2) SPECIAL RULE.—The documents collected and maintained by an eligible institution in the admission of a student to the institution may be used by the student in lieu of the documents used to establish both employment authorization and identity under section 274A(b)(1)(B) of the Immigration and Nationality Act (8 U.S.C. 1324a) to verify eligibility to participate in work-study programs under part C of this title.

(3) VERIFICATION MECHANISMS.—The Secretary is authorized to verify such statements and supporting documentation through a data match, using an automated or other system, with other Federal agencies that may be in possession of information relevant to such statements and supporting documentation.

* * * * * * *

(k) SPECIAL RULE FOR CORRESPONDENCE COURSES.—A student shall not be eligible to receive a grant, loan or work assistance under this title for a correspondence course unless such course is part of a program leading to an associate's or bachelor's degree.

[(k)] (l) STUDENTS ATTENDING INSTITUTIONS IN THE FREELY ASSOCIATED STATES AND ELIGIBILITY FOR TRIO PROGRAMS.—Notwithstanding any other provision of law, a student who meets the requirements of paragraph (a)(5) of this section or who is a resident of the freely associated states, and who attends a public or nonprofit institution of higher education located in any of the freely associated states rather than a State, shall be eligible, if otherwise qualified, for assistance under subpart 1, 2, or 4 of part A or part C of this title.

STATUTE OF LIMITATIONS

Sec. 484A. (a) * * *

* * * * * * *

(c) Other Claims and Defenses.—With respect to any loan made under part B of this title, except such loans where the lender is an eligible institution or has an origination relationship with such institutions, a lender, holder, guaranty agency, or the Secretary shall not be subject to any claim or defense asserted by a borrower which is attributable to an act or failure to act by an educational institution attended by the borrower.

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INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS

Sec. 485. (a) * * *

* * * * * * *

(A) * * *

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(K) the standards which the student must maintain in order to be considered to bemaking satisfactory progress, pursuant to section 484(a)(2); **[**and**]**

(L) the completion or graduation rate of certificate- or degree-seeking, full-time students entering such institutions**[**.**]***;*

[(L)**]** *(M)* the terms and conditions under which students receiving guaranteed student loans under part B of this title or direct student loans under part E of this title, or both, may—

(i) obtain deferral of the repayment of the principal and interest for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501) et seq.)) or under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.), or for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness in the field of community service, and

(ii) obtain partial cancellation of the student loan for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) or, for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness in the field of community service**[**.**]***; and*

(N) that enrollment in a program of study abroad approved for credit by the home institution may be considered

enrollment in the home institution for purposes of applying for Federal student financial assistance.

* * * * * * *

(b) [Exit Counseling for Borrowers.—Each] *Exit Counseling for Borrowers; Borrower Information.—(1) Each* eligible institution shall, through financial aid officers or otherwise, make available counseling to borrowers (individually or in groups) of loans which are made, insured, or guaranteed under part B of this title (other than loans made pursuant to section 428B) of this title or made under part E of this title prior to the completion of the course of study for which the borrower enrolled at the institution or at the time of departure from such institution. The counseling required by this subsection shall include—

[(1)] *(A)* general information with respect to the average indebtedness of students who have loans under part B or part E; and

[(2)] *(B)* the average anticipated monthly repayments, a review of the repayment options available, together with such debt and management strategies as the institution determines are designed to facilitate the repayment of such indebtedness; and

[(3)] *(C)* the terms and conditions under which the student may obtain partial cancellation or defer repayment of the principal and interest for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) or under the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4951 et seq.) or for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness.

In the case of a borrower who leaves an institution without the prior knowledge of the institution, the institution shall attempt to provide the information to the student in writing.

(2) Student information.—(A) Each eligible institution shall require that the borrower of a loan made under part B or E submit to the institution, during the exit interview required by this subsection—

(i) the borrower's expected permanent address after leaving the institution (regardless of the reason for leaving);

(ii) the name and address of the borrower's expected employer after leaving the institution;

(iii) the address of the borrower's next of kin; and

(iv) any corrections in the institution's records relating the borrower's name, address, social security number, references, and driver's license number.

(B) The institution shall, within 60 days after the interview, forward any corrected or completed information received from the borrower to the lender and the guaranty agency indicated on the borrower's student aid records.

* * * * * * *

NATIONAL STUDENT LOAN DATA SYSTEM

Sec. 485B. (a) Development of the System.—The Secretary shall consult with a representative group of guaranty agencies, eligible lenders, and eligible institutions to develop a mutually agreeable proposal for the establishment of a National Student Loan Data System containing information regarding loans made, insured, or guaranteed under part B [and loans made under part E] *and E and for allowing electronic exchange of data between program participants and the system. Such data system shall provide for monitoring enrollment, student status, and internship and residency information.* The information in the data system shall include (but is not limited to)—

* * * * * * *

(e) STANDARDIZATION OF DATA REPORTING.—

(1) IN GENERAL.—The Secretary shall promulgate standard regulations and procedures (including necessary rules and relevant definitions) that require all lenders and guaranty agencies to report information on all aspects of loans made under this part in uniform formats in order to permit the direct comparison of data submitted by individual lenders, servicers or guaranty agencies.

(2) ACTIVITIES.—For the purpose of establishing standards under this section, the Secretary shall—

(A) consult with guaranty agencies, lenders, institutions of higher education, and organizations representing the groups described in paragraph (1);

(B) develop standards designed to be implemented by all guaranty agencies and lenders with minimum modifications to existing data processing hardware and software; and

(C) publish the specifications selected to be used to encourage the automation of exchanges of information between all parties involved in loans under this part.

(3) MODERN DATA PROCESSING.—The Secretary is authorized to use modern data processing to reduce the administrative expenses of operating the data system assisted under this section.

SEC. 485C. SIMPLIFICATION OF THE LENDING PROCESS FOR BORROWERS.

(a) ALL LIKE LOANS TREATED AS ONE.—To the extent practicable, and with the cooperation of the borrower, eligible lenders shall treat all loans made to a borrower under the same section of part B as one loan and shall submit one bill to the borrower for the repayment of all such loans for the monthly or other similar period of repayment. Any deferments on one such loan will be considered a deferment on the total amount of all such loans. In the case of a default, the entire amount of all such loans shall be considered to be in default.

(b) ONE LENDER, ONE GUARANTY AGENCY.—To the extent practicable, and with the cooperation of the borrower, the guaranty agency shall ensure that a borrower only have one lender, one holder, one guaranty agency, and one servicer with which to maintain contact.

* * * * * * *

SEC. 486A. EARLY AWARENESS INFORMATION PROGRAM.

(a) PROGRAM AUTHORIZED.—The Secretary is authorized to enter into contracts with appropriate public agencies, nonprofit private or-

ganizations, and institutions of higher education to conduct an information program designed to broaden the early awareness of postsecondary educational opportunities by secondary school students and their parents, including publicizing—

(1) the availability of Federal student assistance under this Act;

(2) the importance of postsecondary education in long-term career planning; and

(3) the need and necessity to complete a secondary education program successfully in order to meet the requirements for college.

(b) Authorization of Appropriations.*—There are authorized to be appropriated $15,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this section.*

PROGRAM PARTICIPATION AGREEMENTS

SEC. 487. (a) * * *

* * * * * * *

(3) The institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under this title, *together with assurances that the institution will provide upon request and in a timely fashion, information relating to the administrative capability and financial responsibility of the institution to—*

(A) the Secretary;

(B) the appropriate State agency designated under section 495(c); and

(C) the appropriate accrediting agency or association

* * * * * * *

(13) The institution will not deny any form of Federal financial aid to any student who meets the eligibility requirements of this Act on the grounds that the student is participating in a program of study abroad approved for credit by the institution.

(14) In the case of any institution (other than a public nonprofit institution) participating in loan programs under this title for the first time or with a guaranty agency for such first time, such institution shall be allowed a total loan volume of no more than—

(A) $1,000,000 for such institution's first year of participation; and

(B) 150 percent of the previous year's total loan volume for such institution's second, third, and fourth years of participation,

if such institution's performance complies with the minimum standards of the Secretary or the guaranty agency.

(15) The institution shall use the same definition of "academic year" for all purposes authorized by this title.

(16) The institution shall develop a default management plan for approval by the Secretary as part of such institution's ini-

tial application for certification as an eligible institution and shall implement such plan for 2 years thereafter.

(17) Any institution which changes ownership and any institution which changes its status as a parent or subordinate institution shall develop a default management plan for approval by the Secretary and implement such plan for 2 years after such institution's change of ownership or status.

(18) The institution will provide assurances that the institution will cooperate whenever the Secretary, a guaranty agency, an accrediting agency or association and a State agency designated under section 495(c) need to share information relating to the eligibility of the institution to participate in the programs authorized by this title.

(19) The institution will comply with such other provisions as the Secretary deems necessary to the sound administration of financial aid programs.

(1) HEARINGS.—(1) * * *

* * * * * * *

(2) The Secretary shall, upon receipt of written notice under paragraph (1), arrange for a hearing [on the record] and notify the institution within 30 days of receipt of such notice the date, time, and place of such hearing. Such hearing shall take place not later than 120 days from the date upon which the Secretary notifies the institution.

(c) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary is authorized to prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clause (ii), a financial and compliance audit of an eligible institution, with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, at least once every [2 years] *year* and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

* * * * * * *

(B) in matters not governed by specific program provisions, the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the administration by an eligible institution of a program of student financial aid under this title*; including any matter the Secretary deems necessary to the sound administration of the financial aid programs, such as the pertinent actions of any owner, shareholder, or person exercising control over an eligible institution.*

* * * * * * *

(D) the limitation, suspension, or termination of the eligibility for any program under this title of any otherwise eligible institution, or the imposition of a civil penalty under paragraph (2)(B) whenever the Secretary has determined, after reasonable notice and opportunity for hearing [on the record], that such institution has violated or failed to carry out any provision of this title, any regulation prescribed under this title, or any applicable special arrangement, agreement, or limitation, except that no period of suspension under this section shall exceed 60 days unless the institution and the Secretary agree to an extension or unless limitation or termination proceedings are initiated by the Secretary within that period of time;

* * * * * * *

(2)(A) Upon determination, after reasonable notice and opportunity for a hearing [on the record], that an eligible institution has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates, the Secretary may suspend or terminate the eligibility status for any or all programs under this title of any otherwise eligible institution, in accordance with procedures specified in paragraph (1)(D) of this subsection, until the Secretary finds that such practices have been corrected.

(B)(i) Upon determination, after reasonable notice and opportunity for a hearing [on the record], that an eligible institution—

* * * * * * *

(3) The Secretary shall publish *after consultation with each State agency designated under section 495(c),* a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

(4) The Secretary shall make readily available to appropriate guaranty agencies, eligible lenders, State agencies designated under section 495(c), and accrediting agencies or associations the results of the audits of eligible institutions conducted pursuant to paragraph (1)(A).

* * * * * * *

SEC. 487A. ASSIGNMENT OF IDENTIFICATION NUMBERS.

The Secretary shall assign to each institution of higher education, lender and guaranty agency participating in a program assisted under this title an identification number to be used to identify each such entity's participation in any such program.

TRANSFER OF ALLOTMENTS

SEC. 488. Up to [10 percent] *25 percent* of the allotment of an eligible institution for a fiscal year under section 413D or 442 of this Act, may be transferred to, and used for the purposes of, the institution's allotment under the other section within the discretion of such institution in order to offer an arrangement of types of aid, including institutional and State aid, which best fits the needs of each individual student. The Secretary shall have no control over such transfer, except as specifically authorized, except for the collection and dissemination of information.

CRIMINAL PENALTIES

SEC. 490. [(a) IN GENERAL.—Any person who knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery any funds, assets, or property provided or insured under this title shall be fined not more than $10,000 or imprisoned for not more than 5 years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud, false statement of forgery does not exceed $200, the fine shall not be more than $1,000 and imprisonment shall not exceed one year, or both.

[(b) ASSIGNMENT OF LOANS.—Any person who knowingly and willfully makes any false statement, furnishes any false information, or conceals any material information in connection with the assignment of a loan which is made or insured under this title shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than one year, or both.

[(c) INDUCEMENTS TO LEND OR ASSIGN.—Any person who knowingly and willfully makes an unlawful payment to an eligible lender under part B as an inducement to make, or to acquire by assignment, a loan insured under that part shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than one year, or both.

[(d) OBSTRUCTION OF JUSTICE.—Any person who knowingly and willfully destroys or conceals any record relating to the provision of assistance under this title with intent to defraud the United States or to prevent the United States from enforcing any right obtained by subrogation under this part, shall upon conviction thereof, be fined not more than $10,000 or imprisoned not more than 5 years, or both.]

(a) IN GENERAL.—Any person who knowingly and willfully embezzles, misapplies, steals, obtains by fraud, false statement, or forgery, or fails to refund any funds, assets, or property provided or insured under this title or attempts to so embezzle, misapply, steal, obtain by fraud, false statement or forgery, or fail to refund any funds, assets, or property, shall be fined not more than $20,000 or imprisoned for not more than 5 years, or both, except if the amount so embezzled, misapplied, stolen, obtained by fraud, false statement, or forgery, or failed to be refunded does not exceed $200, then the fine shall not be more than $5,000 and imprisonment shall not exceed one year, or both.

(b) ASSIGNMENT OF LOANS.—Any person who knowingly and willfully makes any false statement, furnishes any false information, or conceals any material information in connection with the assignment of a loan which is made or insured under this title or attempts to so make any false statement, furnish any false information, or conceal any material information in connection with such assignment shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than one year, or both.

(c) INDUCEMENTS TO LEND OR ASSIGN.—

(1) IN GENERAL.—Any person who knowingly and willfully makes an unlawful payment to an eligible lender under part B or attempts to make such unlawful payment as an inducement to make, or to acquire by assignment, a loan insured under such

part shall, upon conviction thereof, be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) Special rule.—Nothing in this section shall prohibit an institution of higher education or other party from participating in programs authorized under section 492 of this Act.

(d) Obstruction of Justice.—Any person who knowingly and willfully destroys or conceals any record relating to the provision of assistance under this title or attempts to so destroy or conceal with intent to defraud the United States or to prevent the United States from enforcing any right obtained by subrogation under this part, shall upon conviction thereof, be fined not more than $20,000 or imprisoned not more than 5 years, or both.

(e) Use of Funds Received.—All funds received by the Department as a result of penalties assessed by this section shall be deposited into the account for subpart 1 of part A of title IV, and allocated to students through the Pell Grant Program.

ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

Sec. 491. (a) * * *

* * * * * * *

(2) * * *

* * * * * * *

(B) to provide technical expertise with regard to systems of [needs analysis] *student aid methodology* and application forms; and

* * * * * * *

(c) Membership.—(1) * * *

* * * * * * *

(2) Not less than 7 members of the Advisory Committee shall be individuals who have been appointed on the basis of technical qualifications, professional standing and demonstrated knowledge in the fields of higher education and student aid administration, [needs analysis] *student aid methodology*, financing postsecondary education, student aid delivery, and the operations and financing of student loan guarantee agencies.

(d) Functions of the Committee.—The Advisory Committee shall—

(1) develop, review, and comment annually upon the system of [needs analysis established under sections 411A through 411E] and *student aid methodology established under* part F of this title;

* * * * * * *

(6) review and comment upon standards by which financial need is measured in determining eligibility for Federal student assistance programs; [and]

(7) appraise the adequacies and deficiencies of current student financial aid information resources and services and evaluate the effectiveness of current student aid information programs[;] *and*

(8) make special efforts to advise Members of Congress and such Members' staff of the findings and recommendations made pursuant to this paragraph.

* * * * * * *

(h) * * *

(4) The Advisory Committee is authorized to obtain the services of experts and consultants [in accordance with] *without regard to* section 3109 of title 5, United States Code *and to set pay in accordance with such section.*

* * * * * * *

(i) AVAILABILITY OF FUNDS.—In each fiscal year not less than [$500,000] *$750,000* shall be available from the amount appropriated for each such fiscal year from salaries and expenses of the Department for the costs of carrying out the provisions of this section.

[(j) SPECIAL INSTITUTIONAL LENDER STUDY.—

[(1) The Advisory Committee shall conduct a thorough study of institutional lender policy. In carrying out the study, the Advisory Committee shall examine, but not be limited to—

[(A) the relevance and current applicability of the institutional lender criteria established in section 435(d);

[(B) the appropriateness of using default rates for loans made under part E or other institutional criteria to determine institutional participation;

[(C) whether or not a portion or all of any special allowance or other payments paid to institutional lenders should benefit need-based scholarship or grant programs;

[(D) whether or not institutional lenders should be required to hold loans made to eligible borrowers through graduation or termination of matriculation;

[(E) examine the extent and degree to which student access to loan capital would be adversely affected by the restrictions contained in section 435(d)(2); and

[(F) assess the potential impact on State secondary markets and lender portfolios if student borrowers at higher cost colleges and universities, who come from higher income families, concentrate their lending with a few large lenders and secondary markets.

[(2) The Advisory Committee shall consult with the Committee on Education and Labor of the House of Representatives and the committee on Labor and Human Resources of the Senate in carrying out the study required by this subsection.

[(3) The Advisory Committee shall, not later than 2 years after the date of enactment of the Higher Education Technical Amendments Act of 1987, prepare and submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report of the study required by this section.]

(j) SPECIAL ANALYSES AND ACTIVITIES.—The committee shall—

(1) monitor and evaluate the program modifications resulting from the enactment of the Higher Education Amendments of 1991, especially as such amendments relate to the student aid methodology;

(2) monitor and evaluate the implementation of a free common form and process for determining eligibility and awards for programs under this title as well as a simplified reapplication process;

(3) assess the adequacy of current methods for disseminating information about programs under this title and recommend improvements, as appropriate, regarding early needs assessment and information for first-year high school students; and

(4) assess the adequacy of methods of monitoring student debt burden.

SEC. 492. INSTITUTIONAL AND LENDER SUPPORT FOR DEFAULT REDUCTION.

(a) IN GENERAL.—Notwithstanding any other provision of this Act, institutions of higher education, lenders (including secondary markets), and loan servicers are authorized to enter into contracts and make payments to any party to provide for—

(1) collection on loans made under this title supplementing the collection efforts required under applicable program regulations;

(2) additional borrower counseling;

(3) support for programs authorized under section 432(k) regarding incentives for employer repayment of such loans; and

(4) any other activity the Secretary determines to be in furtherance of the goal of reducing defaults on loans made, insured, or guaranteed under this title.

(b) SPECIAL RULE.—Contracts and payments made under this part shall reflect the actual cost of services provided or received, as documented according to rules issued by the Secretary.

SEC. 493. STUDY ABROAD.

Nothing in this Act shall be construed to limit or otherwise prohibit access to approved study abroad programs. Students who are otherwise eligible who are engaged in a program of study abroad approved for academic credit by the student's home institution are eligible for assistance under this title. It is not necessary for such a study abroad program to be required as part of the student's degree program to qualify for such assistance.

SEC. 494. ASSISTANCE FROM THE COMMISSIONER OF SOCIAL SECURITY ADMINISTRATION.

The Commissioner of the Social Security Administration, or the Commissioner's designee, is authorized to assist the Secretary in determining if borrowers of loans under the Robert T. Stafford Student Loan Program are using true and correct social security numbers when applying for such loans.

SEC. 494A. REGIONAL MEETINGS AND NEGOTIATED RULEMAKING.

(a) MEETINGS.—

(1) IN GENERAL.—The Secretary shall convene regional meetings to obtain public involvement in the development of proposed regulations implementing the amendments made to this title by the Higher Education Amendments of 1991. Such meetings shall include individuals and representatives of the groups involved in student loan programs, such as students, institutions of higher education, guaranty agencies, lenders, secondary

markets, loan servicers, guaranty agency servicers, and collection agencies.

(2) Issues.—During such meetings, the Secretary shall provide for a comprehensive discussion and exchange of information concerning the implementation of the amendments made to this title by the Higher Education Amendments of 1991. The Secretary shall take into account the information received at such meetings in the development of proposed regulations and shall publish a summary of such information in the FEDERAL REGISTER together with such proposed regulations.

(b) Draft Regulations.—After holding regional meetings and before publishing proposed regulations in the FEDERAL REGISTER, the Secretary shall prepare draft regulations implementing the amendments made to this title by the Higher Education Amendments of 1991 and shall submit such regulations to a negotiated rulemaking process. The Secretary shall follow the guidance provided in sections 305.82-4 and 305.82-5 of chapter 1, Code of Federal Regulations, and any successor recommendation, regulation, or law. Participants in the negotiations process shall be chosen by the Secretary from individuals nominated by groups participating in the regional meetings described in subsection (a)(1), and shall include both representatives of such groups from Washington, D.C., and industry participants. To the extent possible, the Secretary shall select individuals reflecting the diversity in the industry, representing both large and small participants, as well as individuals serving local areas and national markets. The negotiation process shall be conducted in a timely manner in order that the final regulations may be issued by the Secretary within the 240-day period described in section 431(g) of the General Education Provisions Act.

(c) Applicability of Federal Advisory Committee Act.—The Federal Advisory Act shall not apply to activities carried out under this section.

(d) Authorization of Appropriations.—There are authorized to be appropriated in any fiscal year or made available from funds appropriated to carry out this part in any fiscal year such sums as may be necessary to carry out the provisions of this section.

Subpart 2—Institutional Integrity

SEC. 495. STATE INSTITUTIONAL INTEGRITY STANDARDS.

(a) Standards Required.—

(1) In general.—East State, through the State agency designated under subsection (c), shall establish and carry out standards for the authorization of institutions of higher education within the State to provide education and training beyond secondary education designed to assure the integrity and accountability of such institutions within the State, and to assure compliance with the provisions of this title. The standards required by this section shall be developed after consultation with the State agency for higher education, institutions of higher education within the State, and other appropriate public agencies and private organizations within the State.

(2) Approval.—The standards described in paragraph (1) must be approved by the Secretary with such approval includ-

ing the Secretary's determination that the standards will contribute to assuring compliance with the provisions of this title.

(b) Content of Standards.—The standards required by this section shall be designed to address the issues of consumer protection, consumer information, fiscal and administrative capacities, compliance with applicable Federal and State laws, due process and review procedures, performance standards, and information sharing. Such standards shall include—

(1) procedures and requirements which will protect students enrolled at institutions of higher education within the State in the case of the closure of any such institution of higher education, which may include—

(A) the provision of instruction for students in the event of school closure;

(B) the retention of the records of students in the event of such closure;

(C) the provision of a performance bond; and

(D) a State tuition refund program, including procedures for establishing liability for refund payments;

(2) a fair and equitable student refund policy for institutions of higher education within the State which meets the requirements described in subsection (e), including procedures to assure the timely payment of refunds;

(3) procedures and requirements for the maintenance of student records;

(4) a consumer protection policy for students enrolled in institutions of higher education in the State;

(5) a process for the investigation and resolution of complaints by students enrolled in the institutions of higher education within the State;

(6) requirements and procedures for assuring the accuracy and integrity of advertising and promotion and student recruitment by institutions of higher education within the State;

(7) review of the adequacy of facilities at institutions of higher education within the State, and compliance with relevant safety and health standards, such as fire, building and sanitation codes;

(8) an adequate student disclosure policy, including—

(A) disclosure of current information regarding the institution's performance standards described in section 499A; and

(B) assurances that institutions meet the requirements under sections 463A and 485 of this title for the provision of institutional and financial assistance information to students;

(9) the provision to students by institutions of higher education of relevant information and services, which may include—

(A) information relating to market and job availability, where appropriate;

(B) information regarding courses which exceed standards for State licensure in specific occupations, where appropriate; and

(C) information regarding course cancellation procedures and rights;

(10) procedures and requirements relating to the financial and administrative capacities of institutions of higher education, which may include—

(A) determination of sufficiency of operating funds;

(B) establishment of minimum assets to liabilities ratios;

(C) consideration of past performance of institutions or persons in control of such institutions with respect to student aid programs;

(D) provision of independently audited financial reports; and

(E) maintenance of records;

(11) procedures for determining compliance with Federal student aid requirements;

(12) the professional qualifications of administrators and instructors at institutions of higher education within the State that are necessary to comply with State law;

(13) procedures and requirements for establishing minimum and maximum course length requirements, where appropriate, including procedures for advising the Secretary of instances where programs are engaged in hour inflation or where 600-hour courses are not appropriate in length to the instruction involved;

(14) procedures for assuring that occupationally related education programs are adequate to permit students to meet State licensing requirements in the occupation for which training is provided, where appropriate;

(15) a periodic schedule for on-site visits to institutions of higher education within the State, including a process for establishing priorities for such reviews;

(16) a due process procedure under State law or State regulation relating to the withdrawal of, or failure to renew, the license of any institution of higher education within the State, as appropriate, to operate or continue to operate within the State;

(17) the maintenance and enforcement of student performance standards at institutions of higher education within the State, including satisfactory academic progress and attendance; and

(18) procedures for timely notification to the Department of Education, guaranty agencies, and accreditation agencies of information about an institution of higher education or, where appropriate, the pertinent actions of any owner, shareholder, or person exercising control over the educational institution which may adversely affect eligibility for programs under this title.

(c) DESIGNATION OF STATE AGENCY OR OFFICIAL.—

(1) DESIGNATION.—Each State shall designate, for the purpose of this title, a single State agency or official to be responsible for the conduct or coordination of the enforcement of the standards prescribed in the State pursuant to subsections (a) and (b), including the certification that all relevant licensing authorities within the State are complying with the standards so prescribed.

(2) REPORT.—The State shall report on the enforcement responsibilities carried out under this section to the appropriate accrediting agency or association and to the Department on—

(A) any negative action taken by the State with respect to the licensing or authorizing of the institution of higher education to provide an educational program within the State, including any action denying, suspending, or terminating the authority of such institution to operate within the State; and

(B) the final results of on-site reviews of such institutions.

(3) Fee.—The State agency designated under this subsection is authorized to charge a fee to institutions of higher education within the State to carry out the responsibilities of the State under this section.

(4) Consortia.—The Secretary may permit the States to form consortia to meet the standards described in subsection (b).

(d) Failure To Comply.—

(1) In general.—Whenever the Secretary determines that a State has not established and carried out standards in accordance with subsections (a) and (b), the Secretary may not base the determination of eligibility under section 481 of an institution of higher education within that State on any action by the State of licensing or authorizing an institution of higher education to provide education and training beyond secondary education, but the Secretary may make independent determinations with respect to such institutions within the State.

(2) Determination.—The Secretary is authorized to take the actions described in paragraph (3) whenever the Secretary determines that a State has not—

(A) established standards in accordance with subsections (a) and (b);

(B) carried out the standards so as to assure that the standards are met; or

(C) designated a State agency in accordance with subsection (c).

(3) Actions.—The actions the Secretary is authorized to take as a result of the determination in paragraph (2) are as follows:

(A) Act as the State agency described in subsection (c) to carry out standards prescribed by the Secretary under subsection (e), or to carry out the standards established by the State, as the case may be.

(B) Designate the appropriate guaranty agency in that State to carry out the standards prescribed by the Secretary under subsection (e), or to carry out the standards established by the State, as the case may be.

(C) Permit another State's agency described in subsection (c) to certify that the institutions of higher education within the State meet the standards set forth in subsection (b).

(e) Fair and Equitable Refund Policy.—

(1) In general.—The State's education's refund policy shall be considered to be fair and equitable for purposes of this section if the policy provides for a refund in an amount of at least the largest of the amounts determined pursuant to—

(A) the requirements of applicable State law;

(B) the specific refund requirements established by an institution's nationally recognized accrediting agency and approved by the Secretary; or

(C) the pro rata refund described in paragraph (2), except that this paragraph shall not apply to the institution's refund policy for any student whose date of withdrawal from the institution is after the halfway point (in time) in the period of enrollment for which the student has been charged.

(2) PRO RATA REFUND.—As used in this section, the term 'pro rata refund' means a refund by the institution to a student attending such institution for the first time of not less than that portion of the tuition, fees, room and board, and other charges assessed the student by the institution equal to the portion of the period of enrollment for which the student has been charged that remains on the last day of attendance by the student.

(3) REFUND CREDIT.—For purposes of this section, a refund first shall be credited against any loan assistance and second against any grant awarded a student under this title for the period of enrollment.

(f) MODEL STANDARDS REQUIRED.—The Secretary shall, for the purpose of this section, prescribed model standards in accordance with subsections (a) and (b) of this section.

(g) IMPLEMENTATION PROVISIONS.—

(1) IN GENERAL.—The Secretary may not enforce the requirements of subsection (d) before 1 year after the date of enactment of this section.

(2) WAIVER PERMITTED.—Whenever the Secretary determines that a State is making marked and definable progress toward carrying out this section or that the legislature of the State needs to act, the Secretary may waive the provisions of subsection (d) for such time as the Secretary may prescribe, but in no event shall the Secretary waive the provisions of subsection (d) for a period in excess of 1 year.

(h) GRANTS.—

(1) IN GENERAL.—The Secretary is authorized to award grants to States to assist States in defraying the additional costs related to the development and implementation of standards required by this section.

(2) SUPPLEMENTATION.—Grant funds under this subsection shall be used to supplement and not supplant any other funds available to a State to carry out the activities described in this section.

(3) APPLICATION.—Each State desiring a grant under this subsection shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subsection.

SEC. 496. APPROVAL OF ACCREDITING AGENCY OR ASSOCIATION.

(a) Standards Required.—No accrediting agency or association may be approved by the Secretary for the purposes of establishing institutional eligibility under this title, unless the agency or association meets the standards established by the Secretary pursuant to this section. The Secretary shall, after notice and opportunity for a hearing, establish the standards. The standards shall require that—

(1) The accrediting agency or association, shall be a State, regional or national agency or association, and shall demonstrate the ability and the experience to operate as an accrediting agency or association within the State, region or nationally, as appropriate;

(2) such agency or association—

(A) has a voluntary membership of institutions of higher education and has as its principal purpose the accrediting of institutions of higher education, or

(B) is a State agency approved by the Secretary for the purpose described in subparagraph (A);

(3) if such agency or association is an agency or association described in subparagraph (A) of paragraph (2), such agency or association is separate and independent, both administratively and financially;

(4) such agency or association will apply standards of accreditation that ensure that the services, curricula, faculty, facilities, and fiscal resources of the institutions of higher education are of sufficient quality to ensure that each such institution can provide the education and training to be offered;

(5) such agency or association will apply procedures throughout the accrediting process, including evaluation and withdrawal proceedings, that comply with due process including—

(A) adequate specification of requirements and deficiencies at the institution of higher education being examined;

(B notice of an opportunity for a hearing to any such institution;

(C) the right to appeal from any adverse action against any such institution; and

(D) the right to representation by counsel for any such institution; and

(6) such agency or association will apply standards of accreditation that ensure the quality and content of each course or program of instruction, training, or study of the institution of higher education may reasonably and adequately be expecied to achieve the stated objective for which the course or program is offered.

(b) Separate and Independent Defined.—For the purpose of paragraph (3) of subsection (a), the term 'separate and independent' , as applied to agencies and associations described in subparagraph (A) of subsection (a)(2), means that—

(1) the members of the accrediting agency or association are not elected or selected by the board or chief executive officer of any associated or affiliated trade association or membership organization;

(2) at least 25 percent of the members of the accrediting agency or association are representative of the general public (not

members of the related trade or membership organization), and guidelines are established for such members to avoid conflicts of interest;

(3) due to the accrediting agency or association are paid separately from any dues payment to the trade membership organization; and

(4) the budget of the accrediting agency or association is developed and determined by the accrediting agency or association without review or resort to consultation with any other entity or organization.

(c) Operating Procedures Required.—No accrediting agency or association may be approved by the Secretary for the purpose of this title, unless the agency or association—

(1) performs at regularly established intervals on-site inspections and reviews of institutions of higher education (at least one such visit at each institution that provides vocational education and training should be unannounced), with particular focus on educational quality and program effectiveness, and assures that team members are well-trained and knowledgeable with respect to their responsibilities;

(2) requires institutions of higher education subject to its jurisdiction which plan to establish a branch campus to submit a business plan, including projected revenues and expenditures, prior to opening the branch campus;

(3) agrees to conduct within one year of the establishment of a new branch of an institution of higher education an on-site visit of that branch campus, and to conduct, within one year after a change of ownership of an institution of higher education, an on-site visit of that institution;

(4) maintains and makes publicly available written materials regarding standards and procedures for accreditation, appeal procedures, and the accreditation status of each institution of higher education subject to its jurisdiction; and

(5) discloses publicly whenever an institution of higher education subject to its jurisdiction is due for accreditation or reaccreditation.

(d) Reporting Requirements.—No accrediting agency or association may be approved by the Secretary for the purpose of this title, unless the agency or association reports, within 30 days of—

(1) any negative action with respect to the accreditation of an institution of higher education, including denial, suspension, or termination of such accreditation; and

(2) the final results of any on-site review of an institution of higher education together with the comments of the affected institution;

to the Secretary and to the agency designated under section 495 of the State in which the institution of higher education is located.

(e) Initial Arbitration Rule.—Whenever the Secretary determines eligibility under section 481, the Secretary may not recognize the accreditation of any institution of higher education under either section, unless the institution of higher education agrees to submit any dispute involving the denial, withdrawal, or termination of accreditation to initial arbitration prior to any other legal action.

(f) Jurisdiction Provision.—Notwithstanding any other provision of law, any civil action brought by an institution of higher education seeking accreditation from, or accredited by, an accrediting agency or association approved by the Secretary for the purpose of this title, involving the denial, withdrawal or termination of accreditation of the institution of higher education shall be brought in the appropriate United States district court.

SEC. 497. SPECIAL ACCREDITATION RULES.

(a) New Accreditation Rule.—Whenever the Secretary determines eligibility under section 481, the Secretary may not recognize the accreditation of any eligible institution of higher education under either section if the institution of higher education is in the process of receiving a new accreditation or changing its accrediting agency or association, unless the eligible institution submits to the Secretary all materials relating to the prior accreditation, including materials demonstrating reasonable cause for changing the accrediting agency or association.

(b) Dual Accreditation Rule.—Whenever the Secretary determines eligibility under section 481 the Secretary shall not recognize the accreditation of any eligible institution of higher education if the institution of higher education is accredited by more than one accrediting agency or association, unless the institution of higher education submits to each such agency and association and to the Secretary the reasons for the accreditation by more than one such agency or association.

(c) Impact of Loss of Accreditation.—An institution may not be certified or recertified as an institution of higher education under section 481(a) if such institution has—

(1) had its institutional accreditation withdrawn, revoked, or otherwise terminated for cause during the preceding 24 months; or

(2) withdrawn from institutional accreditation voluntarily under a show cause or suspension order during the preceding 24 months unless—

(A) such institution has been restored by the same accrediting agency which has accredited it prior to the withdrawal, revocation, or termination; or

(B) the institution has demonstrated its academic integrity to the satisfaction of the Secretary in accordance with section 1201(a)(5) (A) or (B) of this Act.

(d) Accreditation Orderly Procedure Rule.—

(1) Suspension of approval.—The Secretary is authorized to suspend the approval of an accrediting agency or association if the Secretary determines, after notice and opportunity for a hearing, that the accrediting agency or association has accredited an institution of higher education in violation of paragraph (2).

(2) Violations.—Paragraph (1) applies if the institution of higher education seeks and receives accreditation from the accrediting agency or association during any period in which the institution is the subject of any interim action by another accrediting agency or association leading to the suspension, revocation, or termination of accreditation or the institution has

been notified of the threatened loss of accreditation, and the due process procedures required by such suspension, revocation, termination, or threatened loss have not been completed.

(e) Special Rule.—The standards and rules described in this section and section 496 only shall apply to an accrediting agency or association approved by the Secretary for the purpose of establishing institutional eligibility under this title. The Secretary may establish such standards as the Secretary deems appropriate for the recognition of an accrediting agency or association for other purposes.

SEC. 498. ELIGIBILITY AND CERTIFICATION PROCEDURES.

(a) General Authority.—In determining the legal authority to operate within a State, the accreditation status, and the administrative capability and financial responsibility of an institution of higher education, the Secretary shall—

(1) prepare and prescribe a single application form which—

(A) requires sufficient information and documentation to ensure the requirements of eligibility, accreditation, and capability of the institution of higher education are met;

(B) requires a specific description of the relationship of a main campus of an institution of higher education and all of its branches including a description of the student aid processing that is performed by the main campus and that which is performed at its branches;

(C) requires a description of third party financial aid service providers of an institution of higher education, together with a copy of any contract with the institution of higher education and a financial aid service provider or loan servicer; and

(D) requires such other information as the Secretary determines will assure that the requirements of this title with respect to eligibility, accreditation, administrative capability and financial responsibility will be met;

(2) assure prompt actions by the Department on the application required by this section and, a prompt on-site review of the institution of higher education by the Department prior to certification of initial eligibility;

(3) provide for one year of provisional eligibility and certification of an institution of higher education for newly eligible institutions or institutions that undergo a change in ownership;

(4) provide for periodic renewal of eligibility and certification determination of institutions of higher education not less than every 5 years after the regulations implementing this section become effective including a review of the administrative capability and financial responsibility of the institution;

(5) establish requirements for the maintenance by an institution of higher education of sufficient cash reserves to assure repayment of any required refunds; and

(6) establish such other reasonable procedures as the Secretary determines will contribute to assuring that the institution of higher education will comply with administrative capability and financial responsibility standards required by this title.

(b) Special Rule.—Notwithstanding the provisions of section 103(b) of the Department of Education Organization Act, the Secre-

tary shall have the responsibility to examine and guard against hour inflation and to ensure that all 600-hour courses are appropriate in length to the instructions involved.

(c) CONTINUING ELIGIBILITY PROVISIONS.—Whenever the Secretary withdraws the approval of any accrediting agency of an institution of higher education which meets the requirements of accreditation, eligibility and certification on the day prior to such withdrawal the Secretary shall, notwithstanding the withdrawal, continue the eligibility of the institution of higher education to participate in the programs authorized by this title for a period not to exceed 18 months from the date of the withdrawal of approval.

SEC. 499. PROGRAM REVIEW AND DATA.

(a) GENERAL AUTHORITY.—In order to strengthen the administrative capability and financial responsibility provisions of this title, the Secretary—

(1) shall provide for the conduct of program reviews on a systematic basis designed to include all institutions of higher education participating in programs authorized by this title;

(2) is authorized to give priority for program review to institution of higher education which are—

(A) institutions with an annual default rate for loans under part B of this title in excess of 25 percent or which places such institutions in the highest 25 percent of such institutions;

(B) institutions with a default rate in dollar volume for loans under part B of this title which places the institutions in the highest 25 percent of such institutions;

(C) institutions with a significant fluctuation in Stafford Loan volume or Pell grant awards, or both, in the year for which the determination is made compared to the year prior to such year;

(D) institutions reported to have deficiencies or financial aid problems as reported by the appropriate State agency designated under section 495(c) or by the appropriate accrediting agency or association; and

(E) institutions with high annual default rates; and

(3) shall establish and operate a central data base of information on institutional accreditation, eligibility, and certification including—

(A) all information available to the Department;

(B) all relevant information made available by the Secretary of Veterans Affairs;

(C) all relevant information from accrediting agencies or associations; and

(D) all relevant information available from the State agency designated under section 492(c).

(b) SPECIAL ADMINISTRATIVE RULES.—

(1) In carrying out paragraphs (1) and (2) of subsection (a), the Secretary shall establish guidelines designed to assume uniformity of practice in the conduct of program reviews of institutions of higher education.

(2) The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations.

(c) Data Collection Rules.—The Secretary shall develop and carry out a plan for the data collection responsibilities described in paragraph (3) of subsection (a). The Secretary shall make the information obtained under such paragraph (3) readily available to all institutions of higher education, guaranty agencies, State agencies designated under section 495(c), and other organizations participating in the programs authorized by this title.

(d) Definitions.—As used in this section—

(1) the term "annual default rate" has the same meaning given that term by section 435(m);

(2) the term "withdrawal of accreditation" means denying accreditation to an institution, during the process of review and self-study of the institution, previously accredited by an accrediting agency or association recognized by the Secretary;

(3) the term "denial of accreditation" means the refusal of an accrediting agency or association recognized by the Secretary to extend its accreditation to an applicant institution; and

(4) the term "termination of accreditation" means terminating the accreditation of an institution, following a show-cause hearing, for one or more violations of the accrediting agency's rules and regulations.

SEC. 499A. INSTITUTIONAL PERFORMANCE STANDARDS.

(a) Standards Required.—

(1) In general—In order to strengthen the administrative capability and financial responsibility provisions of this title, the Secretary shall, after consultation with institutions of higher education, guaranty agencies, educational associations representing postsecondary education, and other appropriate public agencies and nonprofit private organizations, develop and carry out objective performance standards for the administration of programs authorized by this title.

(2) Special rule.—In carrying out this subsection, the Secretary may use the standards relating to administrative capability and financial responsibility in effect on October 1, 1991 as a basis for the institutional performance standards required by this subsection.

(b) Review and Consultation Required.—The Secretary shall conduct a thorough review of the administrative capability and financial responsibility standards in carrying out subsection (a). The Secretary shall, in developing the standards under subsection (a), consult with the Committee on Institutional Quality and Integrity established by section 1205 of this Act.

(c) Minimum Requirements of Standards.—The institutional performance performance standards required by subsection (a) shall, at a minimum, be designed to address—

(1) the financial responsibility of the institution of higher education based upon the annual audits required by section 487(c); and

(2) the success of the program at the institution of higher education including—

(A) rates of program completion and of graduation, taking into account—

(i) the length of the program at the institution.

(ii) the selectivity of the admissions policy at the institution; and

(iii) the variety of completion goals, including transfer to another institution of higher education, full-time employment, and military service;

(B) rates of withdrawal at the institution;

(C) rates of graduate student employment, after graduation, in the chosen field of study, and acceptance of graduates, where appropriate, into graduate or professional study;

(D) rates of licensure of graduates, where appropriate;

(E) rates of student loan default;

(F) an evaluation of the adequacy of student services; and

(G) the adequacy of personnel charged with informing prospective students of licensure requirements, if appropriate, and of projections for employment opportunities in the field for which the proposed training is designed.

SEC. 499B. DEFINITIONS AND TRAINING.

(a) DEFINITIONS.—As used in this subpart the term 'institution of higher education' has the same meaning given to such term by section 481(a).

(b) TRAINING.—The Secretary shall provide training to personnel of the Department, including criminal investigative training, designed to improve the quality of financial and compliance audits and program reviews conducted under this title.

[Higher Education Act of 1965 (Continued)

[TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

[STATEMENT OF PURPOSE; APPLICABILITY

[SEC. 501. It is the purpose of this title—

[(1) to encourage the establishment and maintenance of programs that provide teacher training to individuals who are moving to careers in education from other occupations;

[(2) to promote university partnerships with local education agencies serving at-risk students, providing stronger linkages between teachers and such students, and with local labor, business, and professional associations;

[(3) to provide assistance to our Nation's teaching force for the continued improvement of their professional skills and expansion of their subject matter expertise, including pre-school and early childhood education specialists;

[(4) to improve the leadership and administrative skills of elementary and secondary school administrators;

[(5) to encourage academically qualified students to become teachers through scholarship assistance; and

[(6) to encourage States to assess their need for teachers and to plan for meeting current and projected teacher shortages.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 502. (a) MID-CAREER TEACHER TRAINING PROGRAMS.—For part A, there are authorized to be appropriated $3,500,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(b) SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS.—For part B, there are authorized to be appropriated $15,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(c) PROFESSIONAL DEVELOPMENT AND LEADERSHIP PROGRAMS.—(1) For subpart 1 of part C, there are authorized to be appropriated $15,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(2) For subpart 2 of part C, there are authorized to be appropriated $10,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(d) TEACHER SCHOLARSHIPS AND FELLOWSHIPS.—(1) For subpart 1 of part D, there are authorized to be appropriated $13,500,000 for fiscal year 1987, and such sums as my be necessary for the 4 succeeding fiscal years.

[(2) For subpart 2 of part D, there are authorized to be appropriated $2,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(e) TASK FORCES ON TEACHER EDUCATION.—For part E, there are authorized to be appropriated $1,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[PART A—MIDCAREER TEACHER TRAINING FOR NONTRADITIONAL STUDENTS

[STATEMENT OF PURPOSE

[SEC. 511. It is the purpose of this part to encourage institutions of higher education with schools or departments of education to establish and maintain programs that will provide teacher training to individuals who are moving to a career in education from another occupation.

[SELECTION PROCEDURES

[SEC. 512. From the funds available for this part, the Secretary shall make grants to institutions of higher education on the basis of the competitive selection among qualifying applications. Institutions selected as recipients shall be awarded (1) an initial planning grant for use during the first 2 fiscal years after selection, and (2) for institutions demonstrating successful performance with the planning grant, a renewal grant for use during not more than 2 additional years.

[APPLICATIONS

[SEC. 513. (a) CONTENTS OF APPLICATIONS.—Applications for grants under this part shall demonstrate that—

[(1) the applicant will establish and maintain a program of midcareer teacher retraining designed to prepare individuals for teacher certification requirements who already have a baccalaureate or advanced degree and job experience in education-related fields of study, including pre-school and early childhood education;

[(2) the applicant has designed a program which includes at least the following elements:

[(A) a screening mechanism to assure that individuals who are admitted to the program possess the current subject matter knowledge and the characteristics that would make them likely to succeed as classroom teachers;

[(B) a clear set of program goals and expectations which are communicated to participants; and

[(C) a curriculum that, when successfully completed, will provide participants with the skills and credentials needed to teach in specific subject areas, as well as a realistic perspective on the educational process;

[(3) the program has been developed with the cooperation and assistance of the local business community;

[(4) the program will be operated under a cooperative agreement between the institution and one or more State or local educational agencies; and

[(5) the program will be designed and operated with the active participation of qualified classroom teachers, including early childhood education specialists, and will include an in-service training component and follow-up assistance.

[(b) REVIEW OF APPLICATIONS.—Applications for grants under this part shall be reviewed by a panel of experts in teacher training designated by the Secretary. The Secretary shall, to the extent of available funds, select at least one applicant from each of the 10 regions served by the Department and assure that programs offered reflect all significant areas of national need in which shortages exist.

[AMOUNT OF GRANTS

[SEC. 514. The initial planning grant to an institution of higher education under this part shall not exceed $100,000 for the 2 years for which it is available. The renewal grant to an institution under this part shall not exceed $50,000 for each of the 2 years for which it is available.

[REPORTS AND INFORMATION

[SEC. 515. Each institution of higher education that receives a grant under this part shall submit to the Secretary such reports and other information on the program it conducts under this part as the Secretary deems necessary. The Secretary shall disseminate such information to other institutions of higher education for the purpose of promoting greater use of midcareer teacher training programs without direct Federal financial assistance.

[PART B—SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS

[PURPOSE

[SEC. 521. It is the purpose of this part to encourage partnerships between institutions of higher education and secondary schools serving low-income students, to support programs that improve the academic skills of public and private nonprofit secondary school students, increase their opportunity to continue a program of education after secondary school and improve their prospects for employment after secondary school.

[PARTNERSHIP AGREEMENT

[SEC. 522. (a) PARTNERSHIP AGREEMENT.—To be eligible for a grant under this part, an institution of higher education and a local education agency must enter into a written partnership agreement. A partnership may include businesses, labor organizations, professional associations, community-based organizations, or other private or public agencies or associations. All partners shall sign the agreement.

[(b) CONTENTS OF AGREEMENT.—The agreement shall include—

[(1) a listing of all participants in the partnership;

[(2) a description of the responsibilities of each participant in the partnership; and

[(3) a listing of the resources to be contributed by each participant in the partnership.

[GRANTS

[SEC. 523. (a) DIVISION BETWEEN SCHOOL-YEAR AND SUMMER PROGRAMS.—From the funds appropriated for this part pursuant to section 502(b), the Secretary shall reserve 65 percent to carry out programs operating during the regular school year and 35 percent to carry out programs operating during the summer.

[(b) AMOUNT AND USE OF GRANTS.—From such funds, the Secretary shall make grants of no less than $250,000 and no more than $1,000,000. The grants may be used by the partnership for programs that—

[(1) use college students to tutor secondary school students and improve their basic academic skills;

[(2) are designed to improve the basic academic skills of secondary school students;

[(3) are designed to increase the understanding of specific subjects of secondary school students;

[(4) are designed to improve the opportunity to continue a program of education after graduation for secondary school students; and

[(5) are designed to increase the prospects for employment after graduation of secondary school students.

[(c) PREFERENCES.—In making grants under this part, the Secretary shall give a preference to—

[(1) programs which will serve predominantly low-income communities;

[(2) partnerships which will run programs during the regular school year and the summer; and

[(3) programs which will serve educationally disadvantaged students; potential dropouts; pregnant, adolescent, and teen parents; or children of migratory agricultural workers or of migratory fishermen.

[APPLICATION FOR GRANTS

SEC. 524. (a) APPLICATION REQUIRED.—A partnership desiring to receive a grant under this part shall submit an application to the Secretary.

[(b) CONTENTS OF APPLICATION.—The application shall include—

[(1) the written and signed partnership agreement;

[(2) a listing of the public and private nonprofit secondary school or schools to be involved in the program;

[(3) a description of the programs to be developed and operated by the partnership;

[(4) assurances to the Secretary that—

[(A) the partnership will establish a governing body including one representative of each participant in the partnership;

[(B) Federal funds will provide no more than 70 percent of the cost of the project in the first year, 60 percent of such costs in the second year, and 50 percent of such costs in the third year and any subsequent year;

[(C) a local educational agency receiving funds under this subpart shall not reduce its combined fiscal effort per student or its aggregate expenditure on education; and

[(D) a local educational agency receiving funds under this part shall use the Federal funds so as to supplement and, to the extent practical, increase the resources that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of students participating in the project, and in no case may funds be used to supplant such non-Federal funds; and

[(5) provide such information and meet such conditions as may be required by the Secretary.

[COMMUNITY COLLEGE PILOT PROJECT

[SEC. 525. (a) PROGRAM AUTHORIZED.—In addition to the grants awarded under section 523, the Secretary is authorized to award 4 grants for pilot community college partnership projects under this section.

[(b) PARTNERSHIP AGREEMENTS.—To be eligible for a grant under this section, a community college shall enter into a partnership agreement in accordance with section 522 with a local educational agency and at least one local business or industry.

[(c) AMOUNT AND USE OF GRANTS.—Grants under this section shall be no less than $250,000. The grants may be used by the partnership for programs that—

[(1) use college students to tutor secondary school students and improve their basic academic skills;

[(2) are designed to improve the basic academic skills of secondary school students;

[(3) are designed to increase the understanding of specific subjects of secondary school students;

[(4) are designed to improve the opportunity to continue a program of education after graduation for secondary school students; and

[(5) are designed to increase the prospects for employment after graduation of secondary school students.

[(d) Application.—To receive a grant under this section, a community college shall submit an application in accordance with section 524(b).

[(e) Award of Grants.—In making awards under this section, the Secretary shall give preference to applications indicating that the business or industry partner is engaged in technological or aerospace activities.

[(f) Eligible Institutions.—The institutions which may be awarded grants under this section are—

[(1) the Wayne County Community College of Wayne County, Michigan;

[(2) the Community College of Vermont;

[(3) the Compton Community College of Compton, California; and

[(4) the Metropolitan Community College of Kansas City, Missouri.

[(g) Reports and Information.—Each community college that receives a grant under this subpart for establishing pilot projects shall submit to the Secretary such reports and other information as is requested in order to evaluate program effectiveness and to disseminate information on exemplary programs to other community colleges, area vocational-technical schools, and other institutions of higher education, for the purposes of promoting greater use of university-secondary school partnerships without direct Federal financial assistance.

[Part C—Professional Development and Leadership Programs

[Subpart 1—Professional Development Resource Centers

[program authority and purpose

[Sec. 531. (a) Authority.—(1) The Secretary is authorized to make grants under this subpart to pay the Federal share of programs to assist teachers from public and private nonprofit schools in the continuous improvement of their professional skills and the expansion and updating of their subject matter expertise by establishing professional development resource centers for teachers.

[(2) The Federal share for each fiscal year shall be 50 percent.

[(b) Purpose.—It is the purpose of this subpart to assist in the establishment of professional development resource centers that will—

[(1) help teachers make effective use of educational tools including understanding new technologies and their application;

[(2) enhance teachers' subject matter expertise;

[(3) help teachers learn new classroom management techniques;

[(4) help teachers learn and apply the latest research on learning and teaching, including pre-school and early childhood education and development; and

[(5) help teachers to apply creative approaches toward achieving instructional goals, including making the best use of available community resources.

[GEOGRAPHICAL DISTRIBUTION OF GRANTS

[SEC. 532. In making grants under this subpart, the Secretary shall ensure that eligible applicants within each State receive sufficient funds to plan, establish or operate at least one professional development resource center within the State in each fiscal year.

[GRANT REQUIREMENTS

[SEC. 533. (a) ELIGIBLE APPLICANTS. The Secretary is authorized to make grants to local educational agencies or consortia of local educational agencies, in accordance with the provisions of this section, to assist such agencies in planning, establishing, and operating professional development resource centers.

[(b) DEFINITION OF CENTER.—For the purpose of this part, the term "professional development resource centers" means any year-round program operated by a local educational agency, a combination of such agencies, or an educational service agency which serves teachers from public and private nonprofit schools, including pre-school and early childhood educational specialists, in a State or from an area or community within a State. Through the centers, teachers, with the assistance of such consultants and experts as may be necessary, including expertise available at institutions of higher education, shall conduct activities to advance the goal of professional excellence and to improve teaching skills for the teachers they serve.

[(c) USE OF FUNDS.—Grants under this subpart may be used for—

[(1) developing and disseminating curricula designed to meet the educational needs of students in pre-school and kindergarten through grade 12, in the community, area, or State being served, including the use of educational research findings or new or improved methods, practices, and techniques in the development of such curricula, and including the use of technology and telecommunications;

[(2) providing training to enable teachers to better meet the educational needs of students, including pre-school students, and to familiarize teachers with developments in curriculum, testing, and educational research including the manner in which the research can be used to improve classroom instruction;

[(3) providing for dissemination of information to those served by the center and to other professional development resource centers nationally about the activities and services of the centers;

[(4) bringing together teachers and materials from various school sites to serve as resources for teachers using the center;

[(5) encouraging collaborative activities between preschool, elementary and secondary school teachers and faculty at institutions of higher education;

[(6) encouraging the application of institutional and community resources to the goal of improving the quality of classroom instruction; and

[(7) providing professional development opportunities for teachers of special population groups (pre-school, handicapped children, limited English proficient children, educationally and economically disadvantaged children) in rural settings.

[PROFESSIONAL DEVELOPMENT POLICY BOARD

[Sec. 534. Each professional development resource center shall be planned and operated under the supervision of a professional development policy board, the majority of which shall be representatives or designees of the public and private nonprofit, pre-school, elementary and secondary classroom teachers to be served by such center. Such board shall also include individuals representative of, or designated by, school administrators, the school board (or boards) of the local educational agency (or agencies) served by such center, local business, and at least one representative designated by institutions of higher education, when such institutions are located within reasonable proximity of the center, including (but not limited to) institutions that have departments, schools, or colleges of education.

[SUBMISSION AND APPROVAL OF APPLICATIONS

[Sec. 535. (a) Submission.—(1) Any local educational agency or any consortium of local educational agencies including educational service agencies, desiring to receive a grant under this subpart shall make application therefor at such time, in such manner, and containing or accompanied by such information, as the Secretary may by regulation require. Each application shall be submitted through the State educational agency of the State in which the applicant is located. Each such State agency shall review the application, make comments thereon, and recommend each application the State agency finds should be approved. The recommendations of the State education agency shall be taken into consideration by the Secretary in awarding grants under this part.

[(2) Each State education agency, in reviewing local educational agency applications for a grant under this subpart, shall seek to assure an equitable within-State geographical distribution of center grant funds so that both large urban and small rural school districts are served.

[(b) Minimum Requirements.—A grant under this subpart may be made only if the application provides—

[(1) satisfactory assurances that the program designed for the professional development resource center is based on a thorough assessment of instructional and professional development needs identified by the teachers to be served, including early childhood educational specialists, and establishes goals for the center derived from such assessment;

[(2) satisfactory assurances that the program the center plans to provide will meet the needs of the teachers served, including assurances that center activities will lead to in-depth and incremental knowledge and skill development;

[(3) a description of the activities planned to meet the center's goals;

[(4) procedures for the conduct of a yearly evaluation of center activities;

[(5) satisfactory assurançes that the center will employ a full-time center director who has had classroom teaching experience and other staff as may be necessary;

[(6) satisfactory assurances that the applicant will pay the non-Federal share of the cost of the program for which assistance is sought and that 50 percent of such non-Federal share shall be paid by the State educational agency and 50 percent of the non-Federal share shall be from local resources, including institutions of higher education and other public and private non-Federal sources; and

[(7) satisfactory assurances that the facilities of the center will not be used for the purpose of influencing the result of an election to an office in Federal, State, or local government or for the purpose of supporting or opposing any campaign for such office.

[(c) SELECTION PROCEDURES.—(1) In approving any application under this subpart, the Secretary shall taken into account the resources which the applicant will provide in addition to Federal funds provided under this or any other Federal program.

[(2) In approving applications under this subpart, the Secretary shall substantially involve teachers, including early childhood educational specialists, in reviewing and recommending programs for funding.

[(d) SUBCONTRACTING.—Any local educational agency having an application approved under this subpart may contract with an institution of higher education to carry out activities under, or provide technical assistance in connection with, such application.

[(e) RESERVATION FOR DIRECT EXPENDITURES.—Notwithstanding the provisions of subsection (a)(1) of this section with respect to the requirement that professional development resource centers be operated by local educational agencies, 10 percent of the funds expended under this subpart may be expended directly by the Secretary to make grants to institutions of higher education to operate professional development resource centers, subject to the other provisions of this subpart.

[SUBPART 2—LEADERSHIP IN EDUCATIONAL ADMINISTRATION DEVELOPMENT

[PURPOSE; INTENTION; REGULATIONS

[SEC. 541. (a) PURPOSE.—It is the purpose of this subpart to improve the level of student achievement in public and private nonprofit elementary and secondary schools through the enhancement of the leadership skills of school administrators by establishing technical assistance centers for each State to promote the development of the leadership skills of public and private nonprofit elementary and secondary school administrators with particular emphasis upon increasing access for minorities and women to administrative positions.

[(b) Intention.—It is the intention of Congress that grantees seeking to establish technical assistance and training centers should design programs which upgrade the skills of elementary and secondary school administrators in—

[(1) enhancing the schoolwide learning environment by assessing the school climate, setting clear goals for improvement, and devising strategies for completing manageable projects with measurable objectives;

[(2) evaluating the school curriculum in order to assess its effectiveness in meeting academic goals;

[(3) developing skills in instructional analysis to improve the quality of teaching through classroom observation and supervision;

[(4) mastering and implementing objective techniques for evaluating teacher performance;

[(5) improving communication, problemsolving, student discipline, time-management, and budgetary skills; and

[(6) developing skills and techniques for administering drug prevention and education programs.

[(c) Regulations.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out this subpart.

[ALLOCATION OF APPROPRIATIONS

[Sec. 542. Of the amount appropriated for this subpart for fiscal year 1987 or any succeeding fiscal year, the Secretary shall make available an amount as may be necessary for establishing and operating a technical assistance center in each State, but not less than $150,000 for each State.

[TECHNICAL ASSISTANCE CENTERS

[Sec. 543. (a) Eligible Grants Recipients.—The Secretary shall, subject to the availability of funds pursuant to section 542, award grants to local educational agencies, intermediate school districts, State educational agencies, institutions of higher education, private management organizations, or nonprofit organizations (or consortium of such entities) for the establishment and operation of training centers in each State in accordance with the requirements of this section and section 544.

[(b) Grant Requirements.—Each grant awarded under subsection (a) shall require the grantee—

[(1) to make the services of the technical assistance center available to school administrators from any of the public and private nonprofit schools within the State served by that grantee;

[(2) to collect information on school leadership skills;

[(3) to assess the leadership skills of individual participants based on established effective leadership criteria;

[(4) to conduct training programs on leadership skills for new school administrators and to conduct training seminars on leadership skills for practicing school administrators, with particular emphasis on women and minority administrators;

[(5) to operate consulting programs to provide personnel within school districts with advice and guidance on leadership skills;

[(6) to maintain training curricula and materials on leadership skills drawing on expertise in business, academia, civilian and military governmental agencies, and existing effective schools;

[(7) to conduct programs which—

[(A) make available executives from business, scholars from various institutions of higher education, and practicing school administrators; and

[(B) offer internships in business, industry, and effective school districts to school administrators,

for the purpose of promoting improved leadership skills of such administrators;

[(8) to disseminate information on leadership skills associated with effective schools; and

[(9) to establish model administrator projects.

[(c) SELECTION OF GRANTEES.—In making a selection among applicants for any grant under this section, the Secretary shall take into account whether the applicant, if selected, would be able to operate its programs in a manner which would emphasize development of leadership skills identified by graduate schools of management and graduate schools of education.

[GENERAL CRITERIA FOR GRANTS

[SEC. 544. (a) GRANT REQUIREMENTS.—The following criteria shall apply to each grant under this subpart:

[(1) The grant shall assure the involvement of private sector managers and executives in the conduct of such programs.

[(2) The grant shall contain assurances of an ongoing organizational commitment to carrying out the purposes of this subpart through (A) obtaining matching funds for such programs in cash or in kind at least equal in amount to the amount of funds provided under this subpart, (B) making in-kind contributions to such programs, (C) demonstrating a commitment to continue to operate such programs after expiration of funding under this subpart, and (D) organizing a policy advisory committee including (but not limited to) representatives from business, private foundations, private nonprofit schools, and local and State educational agencies.

[(3) The grant shall indicate the level of development of human relations skills which its programs will instill by (A) identifying the credentials of the staff responsible for such development; (B) describing the manner in which such skills will be developed; and (C) describing the manner in which the program deals with human relations issues facing education administrators.

[(4) The grant shall establish a system for the evaluation of the programs conducted.

[(b) DURATION OF GRANT.—Each grant under this subpart shall be for a term of 3 years subject to the availability of appropriations. Such grant shall not be renewable, except that a single 3-

year extension may be granted if the grantee agrees to maintain the programs with assistance under this part reduced by one-half.

[DEFINITIONS

[Sec. 545. For the purpose of this subpart—

[(1) the term "school administrator" means a principal, assistant principal, district superintendent, and other local school administrators;

[(2) the term "leadership skills" includes, but is not limited to, managerial, administrative, evaluative, communication and disciplinary skills and related techniques; and

[(3) the term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

[Part D—Teacher Scholarships and Fellowships

[Subpart 1—Congressional Teacher Scholarship Programs

[PURPOSE

[Sec. 551. (a) Purpose.—It is the purpose of this subpart to make available, through grants to the States, scholarships during fiscal years 1987 through 1991 to a maximum of 10,000 individuals who are outstanding high school graduates and who demonstrate an interest in teaching, in order to enable and encourage those individuals to pursue teaching careers in education at the pre-school, elementary or secondary level.

[(b) Designation.—Scholarships awarded under this subpart shall be referred to as the "Paul Douglas Teacher Scholarships".

[ALLOCATION AMONG STATES

[Sec. 552. (a) Per Capita Allocation.—From the sums appropriated for this subpart pursuant to section 502(d) for any fiscal year, the Secretary shall allocate to any State an amount which bears as nearly as possible the same ratio to such sums as the number of persons in that State bears to the number of persons in all States.

[(b) Use of Census Data.—For the purpose of this section, the number of persons in a State and in all States shall be determined by the most recently available data from the United States Census Bureau.

[GRANT APPLICATIONS

[Sec. 553. (a) Submission of Applications.—The Secretary is authorized to make grants to States in accordance with the provisions of this subpart. In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth a program of activities for carrying out the purposes set forth in section 551 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

[(b) CONTENT OF APPLICATIONS.—The Secretary shall approve an application under this subpart only if the application—

[(1) describes the selection criteria and procedures to be used by the State in the selection of scholarships under this part which satisfy the provisions of this part;

[(2) designates the State agency which administers the program under subpart 3 of part A of title IV, relating to State student incentive grants, or the State agency with which the Secretary has an agreement under section 428(b);

[(3) describes the outreach effort the State agency intends to use to publicize the availability of Congressional Teacher Scholarships to high school students in the State;

[(4) provides assurances that each recipient eligible under section 555(b) of this part who receives a Congressional Teacher Scholarship shall enter into an agreement with the State agency under which the recipient shall—

[(A) within the 10-year period after completing the postsecondary education for which the Congressional Teacher Scholarship was awarded, teach, for a period of not less than 2 years for each year for which assistance was received, in a public or private nonprofit preschool, elementary school, or secondary school in any State, or in a public or private nonprofit education program in any State, except that, in the case of individuals who teach in a shortage area established by the Secretary pursuant to section 428(b)(4), the requirements of this subparagraph shall be reduced by one-half;

[(B) provide the State agency evidence of compliance with section 556 as required by the State agency; and

[(C) repay all or part of a Congressional Teacher Scholarship received under section 554 plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under section 557, in the event that the conditions of subparagraph (A) are not complied with, except as provided for in section 558;

[(5) provides that the agreement entered into with recipients shall fully disclose the terms and conditions under which assistance under this subpart is provided and under which repayment may be required, including—

[(A) a description of the procedures required to be established under paragraph (6); and

[(B) a description of the appeals procedures required to be established under paragraph (7) under which a recipient may appeal a determination of noncompliance with any provision under this subpart;

[(6) provides for procedures under which a recipient of assistance received under this part who teaches for less than the period required under paragraph (4)(A) will have the repayment requirements reduced or eliminated consistent with the provisions of sections 557 and 558;

[(7) provides for appeals procedures under which a recipient may appeal any determination of noncompliance with any provision under this part;

[(8) provides assurances that the State agency shall make particular efforts to attract students from low-income backgrounds or who express a willingness or desire to teach in schools having less than average academic results or serving large numbers of economically disadvantaged students; and

[(9) provides assurances that Congressional Teacher Scholarships will be awarded without regard to sex, race, handicapping condition, creed, or economic background.

[(c) Selection Criteria and Procedures.—The selection criteria and procedures to be used by the State shall reflect the present and projected teacher needs of the State, including the demand for and supply of early childhood and elementary teachers in the State, the demand for and supply of secondary teachers in the State, and the demand for teachers with training in specific academic disciplines in the State.

[(d) Solicitation of Views on Selection Criteria and Procedures.—In developing the selection criteria and procedures to be used by the State, the State shall solicit the views of State and local educational agencies, private educational institutions, and other interested parties. Such views—

[(1) shall be solicited by means of (A) written comments; and (B) publication of proposed selection criteria and procedures in final form for implementation; and

[(2) may be solicited by means of (A) public hearings on the teaching needs of elementary and secondary schools in the State (including the number of new teachers needed, the expected supply of new teachers, and the shortages in the State of teachers with training in specific academic disciplines, including early childhood education and development); or (B) such other methods as the State may determine to be appropriate to gather information of such needs.

[AMOUNT AND DURATION OF AND RELATION TO OTHER ASSISTANCE

[Sec. 554. (a) Limitations on Amount and Duration.—Subject to subsection (c), each Congressional Teacher Scholar shall receive a $5,000 scholarship for each academic year of postsecondary education for study in preparation to become a pre-school, elementary or secondary teacher. No individual shall receive scholarship assistance for more than 4 years of postsecondary education, as determined by the State agency.

[(b) Consideration of Award in Other Programs.—Nothwithstanding the provisions of title IV of this Act, scholarship funds awarded pursuant to this part shall be considered in determining eligibility for student assistance under title IV of this Act.

[(c) Assistance Not To Exceed Need.—Congressional Teacher Scholarship assistance awarded by the statewide panel established pursuant to section 555 to any individual in any given year, when added to assistance received under title IV of this Act, shall not exceed the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending. If the amount of the

Congressional Teacher Scholarship assistance and assistance received under title IV of this Act, exceeds the cost of attendance, the Congressional Teacher Scholarship shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

[(d) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—No individual shall receive an award under the Congressional Teacher Scholarship established under this subpart, in any academic year, which exceeds the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending.

[SELECTION OF CONGRESSIONAL TEACHER SCHOLARS

[SEC. 555. (a) SELECTION BY STATEWIDE PANELS.—Congressional Teacher Scholars shall be selected by a seven-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing grant agency or panel designated by the chief State elected official and approved by the Secretary of Education. The statewide panel shall be representative of school administrators, teachers, including preschool teachers, and parents.

[(b) ELIGIBILITY FOR SELECTION; SELECTION CRITERIA AND PROCEDURES.—Selections of Congressional Teacher Scholars shall be made from students who have graduated or who are graduating from high school and who rank in the top 10 percent of their graduating class. The State educational agency shall make applications available to public and private nonprofit high schools in the State and in other locations convenient to applicants, parents, and others. The statewide panel shall develop criteria and procedures for the selection of Congressional Teacher Scholars. Such criteria may include the applicant's high school grade point average, involvement in extracurricular activities, financial need, and expression of interest in teaching as expressed in an essay written by the applicant. The panel may also require the applicant to furnish letters of recommendation from teachers and others.

[SCHOLARSHIP CONDITIONS

[SEC. 556. Recipients of scholarship assistance under this subpart shall continue to receive such scholarship payments only during such periods that the State agency finds that the recipient is—

[(1) enrolled as a full-time student in an accredited postsecondary institution;

[(2) pursuing a course of study leading to teacher certification; and

[(3) maintaining satisfactory progress as determined by the postsecondary institution the recipient is attending.

[SCHOLARSHIP REPAYMENT PROVISIONS

[SEC. 557. Recipients found by the State agency to be in noncompliance with the agreement entered into under section 553(b)(4) of this subpart shall be required to repay a pro rata amount of the scholarship awards received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of this title) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

[EXCEPTIONS TO REPAYMENT PROVISIONS

[SEC. 558. (a) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to section 553(b)(4)(C) during any period in which the recipient—

[(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

[(2) is serving, not in excess of 3 years, as member of the armed services of the United States;

[(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

[(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

[(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

[(6) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit pre-school, elementary or secondary school or a public or private nonprofit pre-school, education program for a single period not to exceed 27 months; or

[(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

[(b) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any scholarship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

[FEDERAL ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW

[SEC. 559. (a) DISAPPROVAL HEARING REQUIRED.—The Secretary shall not finally disapprove any application for a State program submitted under section 553, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

[(b) SUSPENSION OF ELIGIBILITY.—Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering a State program approved under this subpart, finds—

[(1) that the State program has been so changed that is no longer complies with the provisions of this subpart, or

[(2) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

[(c) Court Review.—(1) If any State is dissatisfied with the Secretary's final action under subsection (b) (1) or (2), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which the action was based.

[(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify any previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

[(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

[SUBPART 2—CHRISTA MCAULIFFE FELLOWSHIP PROGRAM

[DECLARATION OF PURPOSE; DESIGNATION

[Sec. 561. (a) Purpose.—It is the purpose of this subpart to establish a national fellowship program for outstanding teachers.

[(b) Designation.—Individuals awarded fellowships under this subpart shall be known as "Christa McAuliffe Fellows".

[USE OF FUNDS FOR FELLOWSHIPS AND ADMINISTRATION

[Sec. 562. Funds appropriated for any fiscal year for fellowships to outstanding teachers under this subpart shall be used to award fellowships in accordance with the requirements of this subpart, except that not more than 2.5 percent of such funds shall be used for purposes of administering this subpart.

[CHRISTA MC AULIFFE FELLOWSHIPS

[Sec. 563. (a) Award Distribution and Amounts.—(1) Except as provided under paragraph (3), sums available for the purpose of this subpart shall be used to award one national teacher fellowship to a public or private school teacher teaching in each congressional district of each State, and in the District of Columbia, and the Commonwealth of Puerto Rico; and one such fellowship in Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

[(2) Fellowship awards may not exceed the average national salary of public school teachers in the most recent year for which satisfactory data are available, as determined by the Secretary. Christa McAuliffe teacher fellows may not receive an award for 2 consecutive years. Subject to the repayment provisions of section 566, Christa McAuliffe teacher fellows shall be required to return to a teaching position in their current school district or private school systems for at least 2 years following the fellowship award.

[(3) If the appropriation for this subpart under section 502(d) is not sufficient to provide the number of fellowships required by paragraph (1) at the level required under paragraph (2), the Secretary shall determine and publish an alternative distribution of fellowships which will permit fellowship awards at that level and which is geographically equitable. The Secretary shall send a notice of such determination to each of the statewide established under section 564.

[(b) USE OF AWARDS.—Christa McAuliffe teacher fellows may use such awards for such projects for improving education as the Secretary may approve, including (1) sabbaticals for study or research directly associated with the objectives of this part, or academic improvement; (2) consultation with or assistance to other school districts or private school systems; (3) development of special innovation programs; or (4) model teacher programs and staff development.

[SELECTION OF CHRISTA MC AULIFFE TEACHER FELLOWSHIPS

[SEC. 564. Recipients of Christa McAuliffe teacher fellowship in each State shall be selected (in accordance with section 565) by a 7-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing panel designated by the chief State elected official and approved by the Secretary. The statewide panel shall be representative of school administrators, teachers, parents, and institutions of higher education.

[EVALUATION OF APPLICATIONS

[SEC. 565. (a) SUBMISSION TO AND REVIEW BY STATEWIDE PANEL.—An applicant for Christa McAuliffe teacher fellowship assistance shall submit a proposal for a project under section 563(b), and shall indicate the extent to which the applicant wishes to continue current teaching duties. The applicant shall submit such a proposal to the local education agency for comment prior to submission to the statewide panel (appointed under section 564) for the State within which the proposed project is to be conducted. In evaluating proposals, such statewide panel shall consult with the local education agency, requesting 2 recommendations from teaching peers; a recommendation from the principal; and a recommendation of the superintendent on the quality of the proposal and its benefit to education; and any other criteria for awarding fellowships as is considered appropriate by such statewide panel. Selection of fellows shall be made in accordance with regulations prescribed by the Secretary of Education.

[(b) PUBLIC ANNOUNCEMENT.—Announcement of awards shall be made in a public ceremony.

[FELLOWSHIP REPAYMENT PROVISIONS

[SEC. 566. Repayment of the award shall be made to the Federal Government in the case of fraud or gross noncompliance.

[PART E—STATE TASK FORCES ON TEACHER TRAINING

[STATE TASK FORCES ON TEACHER TRAINING

[SEC. 571. (a) IN GENERAL.—No institution of higher education or other entity in any State shall be eligible for assistance under this title for any fiscal year beginning on or after October 1, 1987, unless—

[(1) The State educational agency has established a task force on teacher training in accordance with the requirements of subsections (b) and (c); or

[(2) the Secretary waives the requirements of this section if the State educational agency has substantially complied with the requirements of paragraphs (1), (2), and (3) of subsection (b), and submits evidence to the Secretary showing such compliance.

[(b) TASK FORCE.—The State educational agency, in consultation with the task force established under this section, shall be responsible—

[(1) for conducting a statewide assessment of the State's needs for recruiting, retaining, retraining, and improving the performance of, instructional and administrative personnel in preschools, elementary and secondary schools within the State;

[(2) for developing plans to meet the needs identified pursuant to paragraph (1); and

[(3) for conducting such activities in cooperation with the State needs assessment required under section 208 of the Education for Economic Security Act (20 U.S.C. 3968).

[(c) MEMBERSHIP OF TASK FORCE.—A task force established under this section shall be composed of at least one representative of each of the following:

[(1) The Governor of the State.

[(2) The chief State school officer.

[(3) The State higher education executive officer.

[(4) The State board of education.

[(5) The deans of the schools or colleges of education within the State.

[(6) The presidents of colleges and universities within the State.

[(7) Pre-school, elementary and secondary school teachers.

[(8) Elementary and secondary school administrators, including local superintendents and principals.

[(9) The State legislature.

[(10) Private nonprofit pre-school, elementary and secondary education.

[(d) ALTERNATIVE MEMBERSHIP.—Any previously existing State organization or entity whose membership is substantially the same as the membership required by subsection (c) may, with the approval of the State educational agency, assume the responsibilities of the task force on teacher training under this section.

[(e) LONG-RANGE PLANNING.—From the funds available to carry out this subpart, a State educational agency may apply to the Secretary for assistance in order to develop a long-range plan, in consultation with the task force established under this section. Such plan shall—

[(1) assess the supply and determine the future needs of educators in the State, including early childhood education and development specialists;

[(2) assess the ability of teacher training institutions, the State educational agency, and local educational agencies within the State to meet such needs;

[(3) describe the steps being taken within the State to improve the qualifications and performance of practicing and prospective educators and the availability of training resources for such educators;

[(4) if determined to be appropriate by the State education agency, establish a program of competitive grants to local educational agencies, professional organizations, institutions of higher education, and consortia of such agencies and institutions within the State that are allocated in accordance with specific criteria developed by the task force on teacher training; and

[(5) provide for the performance of such other activities as are deemed appropriate to carry out purposes of this subpart.

[(f) DISPOSITION OF FUNDS TO STATES.—Funds appropriated for this subpart shall be allocated among the States based on the number of children aged 5 through 17, inclusive, except that no State shall receive less than the greater of $10,000 or 0.01 percent of the amount so appropriated.

[(g) STATE APPLICATIONS.—A State educational agency which desires to obtain a grant under this subpart shall file an application with the Secretary which—

[(1) describes the methods which will be used to insure active and continuing consultation with the task force;

[(2) provides for timely public notice and public dissemination of the information collected and plans developed; and

[(3) ensures that the State educational agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary under this subpart.]

TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

SEC. 501. STATEMENT OF PURPOSE.

It is the purpose of this title to—

(1) address the Nation's teacher shortage, particularly in areas where there are heavy concentrations of low-income students, by encouraging talented persons to enter the teaching profession, including the individuals already employed as school paraprofessionals and individuals who have been employed in other areas of endeavor;

(2) provide assistance for professional development activities enabling teacher, school administrators, and institutions of

higher education to work collaboratively to improve educational performance through school reform and restructuring;

(3) encourage academically qualified students to become teachers through scholarship assistance;

(4) support the recruitment of underrepresented populations into teaching careers;

(5) encourage the establishment and maintenance of programs that provide professional teacher preparation to individuals who are moving to careers in education from other occupations;

(6) promote partnerships between institutions of higher education and local educational agencies for the purpose of promoting the simultaneous restructuring and renewal of elementary and secondary schools and college-based teacher education programs;

(7) provide assistance to our Nation's teaching force for the continued improvement of their professional skills; and

(8) improve the leadership and administrative skills of elementary and secondary school administrators.

PART A—TEACHER TRAINING FOR NONTRADITIONAL STUDENTS

Subpart 1—New Careers for Teachers

SEC. 511. STATEMENT OF PURPOSES.

It is the purpose of this subpart to establish and operate new career programs to attract minority candidates, who are in school support or paraprofessional positions or in occupations other than teaching, to careers teaching in elementary and secondary schools.

SEC. 512. PROGRAM AUTHORIZED.

(a) IN GENERAL.—

(1) IN GENERAL.—The Secretary is authorized to pay the Federal share of making grants to eligible recipients to enable such eligible recipients to pay the costs of establishing and operating programs to attract minority candidates to teaching careers.

(2) PERCENTAGE.—The Federal share shall be 50 percent.

(3) NON-FEDERAL SHARE.—The non-Federal share of each grant awarded under this subpart may be in cash or in kind fairly evaluated, including planned equipment or services.

(b) DURATION OF GRANT.—Each grant awarded under this subpart shall be for a period of 2 years and may be renewed for periods not to exceed 3 years.

(c) COMPETITIVE BASIS.—The Secretary shall award grants under this subpart on a competitive basis.

(d) SPECIAL CONSIDERATION.—In awarding grants under this subpart, the Secretary shall give special consideration to programs designed to identify, recruit, and certify—

(1) speakers of non-English languages who have been trained as teachers in their home country; or

(2) individuals already employed in a local educational agency.

SEC. 513. ELIGIBLE RECIPIENT.

As used in this subpart the term "eligible recipient" means a consortium of—

(1) institutions of higher education, and

(2) local educational agencies,

working in conjunction with the State educational agency, and the appropriate State or local teach credentialing body.

SEC. 514. APPLICATION.

(a) In General.—A grant under this subpart may be made only to an eligible recipient which submits an application to the Secretary containing or accompanied by such information as the Secretary may reasonably require.

(b) Contents of Application.—Each such application shall—

(1) describe the activities and services for which assistance is sought;

(2) set froth the number of expected participants in each program assisted under this subpart;

(3) demonstrate steps on a career ladder leading to the position of fully credentialed teacher, ranging from nonskilled entry positions, extending through intermediate subprofessional functions, and terminating in full professional status as a certified teacher duly recognized by the appropriate State agency;

(4) contain assurances that advancement within such career ladders would be based on merit, but that the opportunity for attainment of higher station is available to all;

(5) demonstrate a plan for employing permanently individuals who have participated in the program at their new level of training, including individuals who terminate the program at a level below that of fully credentialed teacher;

(6) demonstrate a plan for bring a sizable portion of the educational program and coursework to the place of the participant's employment;

(7) demonstrate a plan for providing academic credit for inservice training and other relevant experience as well as formal academic coursework;

(8) provide for participation of individuals who have attained various levels of education including individuals who have not completed high school, with special consideration for such participation given to individuals already serving within the school system;

(9) provide assurances that the program assisted under this subpart will be available to the disabled; and;

(10) contain such other assurances as the Secretary may reasonably require.

SEC. 515. USE OF FUNDS.

(a) In General.—Funds provided pursuant to this subpart may be used to—

(1) pay tuition for participants in programs established under this subpart;

(2) pay for the release time of participants in programs assisted under this subpart; and

(3) provide stipends for child care to participants whose academic coursework takes place outside the normal workday.

(b) Administrative Costs.—Not more than 10 percent of any grant provided pursuant to this subpart may be used for administrative expenses.

SEC. 515A. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

Subpart 2—Minority Teacher Recruitment

SEC. 516. PROGRAM AUTHORIZED.

(a) In General.—The Secretary is authorized to pay the Federal share of making grants in accordance with the provisions of this subpart to carry out programs and activities designed to—

(1) improve recruitment and training opportunities in education for minority individuals, including language minority individuals; and

(2) increase the number of minority teachers, including language minority teachers, in elementary and secondary schools.

(b) Federal Share.—The Federal share shall be 50 percent.

(c) Non-Federal Share.—The non-Federal share of each grant awarded under this subpart may be in cash or in kind fairly evaluated, including planned equipment or services.

SEC 517. USE OF FUNDS.

Funds provided pursuant to this subpart may be used:

(1) by—

(A) 1 or more local educational agencies,

(B) a State educational agency or a State higher education agency,

(C) 1 or more institutions of higher education, or

(D) community-based organizations, to identify students from minority backgrounds, including language minority backgrounds, in middle and secondary schools interested in teaching, and to provide such students with activities and services which support and encourage the pursuit of teaching as a career;

(2) by 2- and 4-year institutions of higher education with large concentrations of minority students, including language minority students, to—

(A) identify students who indicate an interest in entering the teaching profession, and provide such individuals with support programs such as—

(i) scholarship funds to meet expenses;

(ii) remedial and tutoring programs;

(iii) counseling and support services;

(iv) teaching related activities;

(v) academic advice and guidance in course selection to prepare for teacher certification;

(vi) test taking skills; and

(vii) information and advice regarding eligibility for membership in the Teacher Corps, and other financial assistance programs;

(B) establish or strengthen teacher training programs;

(C) establish or enhance early identification/articulation partnership programs with high schools and community colleges; and

(D) establish partnerships with graduate schools of education to foster and facilitate the movement of minority students into post-graduate studies; and

(3) by 2- and 4-year institutions of higher education or consortia thereof, State educational agencies, or State higher education agencies, to—

(A) establish programs and activities which foster and facilitate the movement of students interested in pursuing teaching careers from 2-year institutions to 4-year institutions, focusing particular attention on facilitating the transfer of academic credit; and

(B) improve existing assessment practices that determine an individual's qualifications to become a teacher.

SEC. 518. APPLICATION.

(a) APPLICATION REQUIRED.—Each institution of higher education, State educational agency, State higher education agency, local education agency, community based organization, or consortium thereof, desiring a grant pursuant to this subpart, shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall—

(1) describe the activities and services for which assistance is sought;

(2) set forth the individuals to be served; and

(3) contain such assurances as the Secretary may reasonably require.

(b) STATE EDUCATIONAL AGENCY REVIEW.—Each application from a local educational agency for a grant under this subpart shall be forwarded to the appropriate State educational agency for review and comment if the State educational agency requests the opportunity for such review. The State educational agency must complete the review of such application and comment to the Secretary within 30 calendar days of receipt. Failure of the State educational agency to submit comments to the Secretary shall not prejudice such application.

SEC. 519. ADMINISTRATIVE COSTS.

Not more than 10 percent of any grant provided pursuant to this subpart may be used for administrative expenses.

SEC. 520. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

PART B—SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS

SEC. 521. PURPOSE.

It is the purpose of this part to encourage partnerships between institutions of higher education and secondary schools serving low-

income and disadvantaged urban and rural students, to support programs that—

(1) improve the retention and graduation rates at such secondary schools;

(2) improve the academic skills of public and private nonprofit secondary school students;

(3) increase such students' opportunities to continue a program of education after secondary school; and

(4) improve such students' prospects for employment after secondary school.

SEC. 522. PARTNERSHIP AGREEMENT.

(a) PARTNERSHIP AGREEMENT.—To be eligible for a grant under this part, an institution of higher education or a State higher education agency and a secondary school or a local educational agency shall enter into a written partnership agreement. A partnership may include businesses, labor organizations, professional associations, community-based organizations, public television stations or other educational telecommunications entities, or other private or public agencies or associations. All partners shall sign the agreement.

(b) CONTENTS OF AGREEMENT.—The agreement shall include—

(1) a listing of all participants in the partnerships, including a designation of the official representatives of each entity participating in the partnership;

(2) a description of the responsibilities of each participant in the partnership; and

(3) a listing of the resources to be contributed by each participant in the partnership.

SEC. 523. GRANTS.

(a) DIVISION BETWEEN SCHOOL-YEAR AND SUMMER PROGRAMS.—From the funds appropriated to carry out this part pursuant to section 525, the Secretary shall reserve 65 percent of such funds to carry out programs operating during the regular school year and 35 percent of such funds to carry out programs operating during the summer.

(b) AMOUNT AND USE OF GRANTS.—

(1) AMOUNT.—The Secretary shall make grants under this part in amounts which are not less than $250,000 and not more than $1,000,000.

(2) USE OF GRANT.—Grants under this part may be used by the partnership for programs that—

(A) use college students to tutor secondary school students and improve their basic academic skills;

(B) are designed to improve the basic academic skills of secondary school students;

(C) are designed to increase the understanding of specific objects of secondary school students;

(D) are designed to improve the opportunity to continue a program of education after graduation for secondary school students; and

(E) are designed to increase the prospects for employment after graduation of secondary school students.

(c) PREFERENCES.—In making grants under this part, the Secretary shall give a preference to—

(1) programs which will serve predominantly low-income communities;

(2) partnerships which will run programs during the regular school year and summer; and

(3) programs which will serve educationally disadvantaged students; potential dropouts; pregnant, adolescent, and teenage parents; children of migratory agricultural workers or of migratory fishermen; or students whose native language is other than English.

(d) DURATION.—Each grant awarded under this part may be awarded for a period not to exceed 3 years.

(e) EQUITABLE GEOGRAPHIC DISTRIBUTION.—The Secretary shall award grants under this part in a manner that achieves equitable geographic distribution of such grants.

SEC. 524. APPLICATION FOR GRANTS.

(a) APPLICATION REQUIRED.—A partnership desiring to receive a grant under this part shall submit an application to the Secretary.

(b) CONTENTS OF APPLICATION.—The application shall include—

(1) the written and signed partnership agreement;

(2) a listing of the public and private nonprofit secondary school or schools to be involved in the program;

(3) a description of the activities and services for which assistance is sought;

(4) a description of the programs to be developed and operated by the partnership; and

(5) assurances to the Secretary that—

(A) the partnership will establish a governing body including one representative of each participant in the partnership;

(B) Federal funds will provide no more than 70 percent of the cost of the project in the first year, 60 percent of such costs in the second year, and 50 percent of such costs in the third year and any subsequent year;

(C) a local educational agency receiving funds under this subpart shall not reduce its combined fiscal effort per student or its aggregate expenditure on education; and

(D) a local educational agency receiving funds under this part shall use the Federal funds so as to supplement and, to the extent practical, increase the resources that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of students participating in the project, and in no case may funds be used to supplant such non-Federal funds; and

(5) provide such information and meet such conditions as may be required by the Secretary.

(c) SPECIAL RULE.—The non-Federal share of grants awarded under this part may be in cash or in kind fairly evaluated, including services, supplies or equipment.

(d) WAIVER.—The Secretary may waive the matching requirement described in paragraph (5)(B) for any eligible partnership that demonstrates to the satisfaction of the Secretary a unique hardship that prevents compliance with such matching requirement.

SEC. 525. PEER REVIEW.

The Secretary shall designate a peer review panel to review applications submitted under this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary shall consult with officials of the other Federal agencies and with non-Federal organizations to ensure that the panel membership shall be geographically balanced and be composed of representatives from public and private institutions of elementary, secondary, and higher education, labor, business, and State and local governments, who have expertise in community service or in education.

SEC. 526. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this part.

PART C—NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS

SEC. 531. SHORT TITLE.

This part may be cited as the "National Board for Professional Teaching Standards Act of 1991".

SEC. 532. FINDINGS AND PURPOSES.

(a) Findings.—The Congress finds that—

(1) the economic well-being and national security of the United States depends on efforts to strengthen the educational system to provide all children with an education which will ensure a well-educated work force;

(2) improved teaching is central to the goal of ensuring a well-educated work force;

(3) incentives to enhance the professionalism and status of teaching can be provided through the development and promulgation of voluntary standards of professional certification that are rigorous and unbiased, that complement and support State licensing practices and recognize the diversity of American society;

(4) the National Board for Professional Teaching Standards, a private nonprofit organization, has been created to establish such voluntary standards, and a significant initial investment in research and development from non-Federal sources will be required to create such a system of professional certification; and

(5) the Federal Government has played an active role in funding vital educational research and can continue to support this national effort by providing limited but essential support for critical research activities.

(b) Purpose.—It is the purpose of this part to provide financial assistance to the National Board for Professional Teaching Standards to enable the Board to conduct independent research and development related to the establishment of national, voluntary professional standards and assessment methods for the teaching profession.

SEC. 533. DEFINITIONS.

(a) In General.—For the purpose of this part—

(1) the term "Board" means the National Board for Professional Teaching Standards;

(2) the term "Committee" means the Fund for Improvement and Reform of Schools and Teaching Board established in section 3231 of the Fund for the Improvement and Reform of Schools and Teaching Act; and

(3) the term "Director" means the Director of the National Science Foundation.

(b) Special Rule.—Nothing in this part shall be construed to infringe upon the practice or accreditation of home school or private school teaching.

SEC. 534. PROGRAM AUTHORIZATION.

(a) Program Authorized.—From sums appropriated pursuant to the authority of subsection (b) in any fiscal year, the Secretary is authorized and directed to provide financial assistance to the National Board for Professional Teaching Standards, in order to pay the Federal share of the costs of the activities described in section 546.

(b) Authorization of Appropriations.—There are authorized to be appropriated $20,000,000 for the period beginning October 1, 1991, and ending September 30, 1995, to carry out the provisions of this part.

(c) Terms and Conditions.—(1) No financial assistance may be made available under this part except upon an application as required by section 537.

(2) No financial assistance may be made available under this part unless the Secretary determines that—

(A) the Board will comply with the provisions of this part;

(B) the Board will use the Federal funds only for research and development activities in accordance with section 536, and such teacher assessment and certification procedures will be free from racial, cultural, gender or regional bias;

(C) the Board—

(i) will widely disseminate for review and comment announcements of specific research projects to be conducted with Federal funds, including a description of the goals and focus of the specific project involved and the specific merit review procedures and evaluation criteria to be used in the competitive award process; and

(ii) will send such announcements to the Secretary, the Director, the National Research Council, and the educational research community;

(D) will make arrangements with the Secretary to have the announcement described in subparagraph (C) published in the Federal Register (or such other publication deemed appropriate by the Secretary) and in publications of general circulation designed to disseminate such announcements widely to the educational research community;

(E) the Board will, after offering any interested party an opportunity to make comment upon, and take exception to, the projects contained in the announcements described in subparagraph (C) for a 30-day period following publication, and after reconsidering any project on which comment is made or to which exception is taken, through the Secretary issue a request

for proposals in the Federal Register (or such other publication deemed appropriate by the Secretary) containing any revised project information;

(F) the Board will make awards of Federal funds competitively on the basis of merit, and, in the award process, the Board will select for such awards, to the extent practicable consistent with standards of excellence—

(i) a broad range of institutions associated with educational research and development; and

(ii) individuals who are broadly representative of the educational research and teaching communities with expertise in the specific area of research and development in question;

(G) the Board will adopt audit practices customarily applied to nonprofit private organizations and will comply with the provisions of section 539(c);

(H) the Board will not use Federal funds to meet the administrative and operating expenses of the Board;

(I) the Board will submit an annual report to Congress in accordance with the provisions of section 539(a); and

(J) the Board will, upon request, disseminate to States, local educational agencies, or other public educational entities the results of any research or research project produced with funds authorized by this part, upon the payment of the cost of reproducing the appropriate material.

(d) AVAILABILITY OF FUNDS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, funds appropriated to carry out the provisions of this part shall remain available for obligation and expenditure until the end of the second fiscal year succeeding the fiscal year for which the funds were appropriated.

(2) LIMITATION.—No Federal funds shall be made available to the Board after September 30, 1995, except as authorized by paragraph (1) of this subsection.

SEC. 535. CONSULTATION.

The Board shall consult at least twice annually with the Committee on the design and execution of the overall research and development strategy of the Board, including procedures to assure compliance with the requirements of this part. The procedures shall include—

(1) an outline of a specific research and development agenda and activities to be conducted with the Federal funds; and

(2) provisions to ensure compliance with the open competition and merit review requirements of this part for proposals and projects assisted under this part.

SEC. 536. AUTHORIZED ACTIVITIES.

(a) IN GENERAL.—Federal funds received under this part may be used only for research and development activities directly related to the development of teacher assessment and certification procedures for elementary and secondary school teachers.

(b) PRIORITIES.—

(1) IN GENERAL.—The Board shall give priority to research and development activities in—

(A) mathematics;

(B) the sciences;

(C) foreign languages; and

(D) literacy, including the ability to read, write and analyze.

(2) SPECIAL RULE.—The Board shall give priority to research and development activities for the certification of elementary and secondary school teachers and the need and ability of such teachers to teach special educational populations, including—

(A) limited English proficient children;

(B) gifted and talented children;

(C) children with disabilities; and

(D) economically and educationally disadvantaged children.

SEC. 537. APPLICATION.

(a) IN GENERAL.—The Board shall submit an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Each such application shall—

(1) describe the activities for which assistance is sought; and

(2) provide assurances that the non-Federal share of the cost of activities of the Board shall be paid from non-Federal sources, together with a description of the manner in which the Board will comply with the requirements of this paragraph.

(b) APPROVAL.—The Secretary shall approve an application submitted pursuant to subsection (a) unless such application fails to comply with the provisions of this part.

SEC. 538. PAYMENTS; FEDERAL SHARE.

(a) IN GENERAL.—The Secretary shall pay to the Board the Federal share of the costs of the activities described in the application approved pursuant to section 537 for the period for which the application is approved under such section.

(b) AMOUNT OF FEDERAL SHARE.—The Federal share shall be 50 percent.

SEC. 539. REPORTS AND AUDITING PROVISION.

(a) NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS REPORT.—

(1) IN GENERAL.—The Board shall submit an annual report to the appropriate committees of the Congress not later than June 30 of any fiscal year in which Federal funds are expended pursuant to this part. The Board shall disseminate the report for review and comment to the Secretary, the Director, the National Research Council, and the education research community. The report shall—

(A) include a detailed financial statement and a report of the audit practices described in section 534(c)(2)(G);

(B) include a description of the general procedure to assure compliance with the requirements of section 536; and

(C) provide a comprehensive and detailed description of the Board's agenda, activities, and planned activities for the preceding and succeeding fiscal years, including—

(i) the Board's overall research and development program and activities;

(ii) the specific research and development projects and activities conducted with Federal funds during the preceding fiscal year, including—

(I) a description of the goals and methodology of the project;

(II) a description and assessment of the findings (or status and preliminary findings if the project is not yet complete);

(III) a description of the competitive bidding process, the merit review procedures, and the evaluation criteria used to award project funds; and

(IV) a description of the Board's plans for dissemination of the findings described in subclause (II);

(iii) the specific research and development projects and activities planned to be conducted with Federal funds during the succeeding fiscal year, including the goals and methodologies to be used; and

(iv) a listing of available publications of the Board, including publications related to policies, standards and general information, research reports, and commissioned papers of the Board.

(2) FIRST REPORT.—The first annual report required by this subsection shall include a description of the Board's research and development agenda for the succeeding 5-year period. Such first report shall include, to the maximum extent practicable, a description of specific research and development projects and activities, and the goals and methodologies of such projects and activities.

(b) ADDITIONAL REPORTS.—The Secretary, the Director, and the National Research Council shall report to the appropriate committees of the Congress on the compliance of the Board with the requirements of this part not later than 30 days after the Board submits each annual report described in subsection (a).

(c) AUDITING PROVISION.—The Comptroller General of the United States, and any of his authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the Board, and to any recipient of funds from the Board, that are pertinent to the sums received and disbursed under this part.

SEC. 540. CONSTRUCTION.

Nothing in this part shall be construed to—

(1) establish a preferred national curriculum or preferred teaching methodology for elementary and secondary school instruction;

(2) infringe upon the rights and responsibilities of the States to license elementary and secondary school teachers;

(3) provide an individual certified by the Board with a right of action against a State, local educational agency, or other public educational entity for any decisions related to hiring, promotion, retention or dismissal; or

(4) authorize the Secretary to exercise supervision or control over the research program, standards, assessment practices, administration, or staffing policies of the Board.

PART D—TEACHER SCHOLARSHIPS AND FELLOWSHIPS

Subpart 1—Paul Douglas Teacher Scholarships

SEC. 541. PURPOSE; DESIGNATION.

(a) PURPOSE.—It is the purpose of this subpart to make available, through grants to the States, scholarships to individuals who are outstanding high school graduates and who demonstrate an interest in teaching, in order to enable and encourage those individuals to pursue teaching careers in education at the preschool, elementary or secondary level.

(b) DESIGNATION.—Scholarships awarded under this subpart shall be referred to as the "Paul Douglas Teacher Scholarships".

SEC. 542. ALLOCATION AMONG STATES.

(A) PER CAPITA ALLOCATION.—From the sums appropriated for this subpart pursuant to section 550A for any fiscal year, the Secretary shall allocate to any State an amount which bears as nearly as possible the same ratio to such sums as the number of persons in that State bears to the number of persons in all States.

(b) USE OF CENSUS DATA.—For the purpose of this section, the number of persons in a State and in all States shall be determined by the most recently available data from the United States Census Bureau.

SEC. 543. GRANT APPLICATIONS.

(a) SUBMISSION OF APPLICATIONS.—The Secretary is authorized to make grants to States in accordance with the provisions of this subpart. In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth a program of activities for carrying out the purposes set forth in section 541 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

(b) CONTENT OF APPLICATIONS.—The Secretary shall approve an application under this subpart only if the application—

(1) describes the selection criteria and procedures to be used by the State in the selection of scholarships under this subpart which satisfy the provisions of this subpart;

(2) designate as the State agency responsible for administering the grants received under this part the State agency which administers the program under subpart 3 of part A of title IV (relating to State student incentive grants), the State agency with which the Secretary has an agreement under section 428(b), or another appropriate State agency approved by the Secretary;

(3) describes the outreach effort the State agency intends to use to publicize the availability of Paul Douglas Scholarships to high school students in the State;

(4) provides assurances that each recipient eligible under section 545(b) of this subpart who receives a Paul Douglas Scholarship shall enter into an agreement with the State agency under which the recipient shall—

(A) within the 10-year period after completing the postsecondary education for which the Paul Douglas Scholarship was awarded, teach, for a period of not less than 2 years for each year for which assistance was received, in a public or private nonprofit preschool, elementary school, or secondary school in any State, or in a public or private nonprofit education program in any State, except that, in the case of individuals who teach in a shortage area established by the Secretary pursuant to section 428(b)(4), the requirements of this subparagraph shall be reduced by one-half;

(B) provide the State agency evidence of compliance with section 546 as required by the State agency; and

(C) repay all or part of a Paul Douglas Scholarship received under section 544 plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under section 547, in the event that the conditions of subparagraph (A) are not complied with, except as provided for in section 548;

(5) provides that the agreement entered into with recipients shall fully disclose the terms and conditions under which assistance under this subpart is provided and under which repayment may be required, including—

(A) a description of the procedures required to be established under paragraph (6); and

(B) a description of the appeals procedures required to be established under paragraph (7) under which a recipient may appeal a determination of noncompliance with any provision under this subpart;

(6) provides for procedures under which a recipient of assistance received under this subpart who teaches for less than the period required under paragraph (4)(A) will have the repayment requirements reduced or eliminated consistent with the provisions of sections 547 and 548;

(7) provides for appeals procedures under which a recipient may appeal any determination of noncompliance with any provision under this subpart; and

(8) provides assurances that the State agency shall make particular efforts to attract students from low-income backgrounds, ethnic and racial minority students, individuals with disabilities or other individuals historically underrepresented in teaching, or individuals who express a willingness or desire to teach in schools have less than average academic results or serving large numbers of economically disadvantaged students.

(c) SELECTION CRITERIA AND PROCEDURES.—The selection criteria and procedures to be used by the State shall reflect the present and projected teacher needs of the State, including the demand for and supply of early childhood and elementary teachers in the State, the demand for and supply of secondary teachers in the State, and the demand for teachers with training in specific academic disciplines in the State.

(d) Priority Consideration.—The State shall give priority consideration in the selection of individuals to receive a scholarship under this subpart to individuals to receive a scholarship under this subpart to individuals from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities who are underrepresented in the teaching profession or in the curricula areas in which they are preparing to teach.

(e) Solicitation of Views on Selection Criteria and Procedures.—In developing the selection criteria and procedures to be used by the State, the State shall solicit the views and State and local educational agencies, private educational institutions, and other interested parties. Such views—

(1) shall be solicited by means of—

(A) written comments; and

(B) publication of proposed selection criteria and procedures in final form for implementation; and

(2) may be solicited by means of—

(A) public hearings on the teaching needs of elementary and secondary schools in the State (including the number of new teachers needed, the expected supply of new teachers, and the shortages in the State of teachers with training in specific academic disciplines, including early childhood education and development); or

(B) such other methods as the State may determine to be appropriate to gather information on such needs.

SEC. 544. AMOUNT AND DURATION OF THE RELATION TO OTHER ASSISTANCE.

(a) Limitations on Amount and Duration.—Subject to subsection (c), each Paul Douglas Scholar shall receive a $5,000 scholarship for each academic year of postsecondary education for study in preparation to become a preschool, elementary or secondary teacher. No individual shall receive scholarship assistance for more than 4 year of postsecondary education, as determined by the State agency.

(b) Consideration of Award in Other Programs.—Notwithstanding the provisions of title IV of this Act, scholarship funds awarded pursuant to this part shall be considered in determining eligibility for students assisted under title IV of this Act.

(c) Assistance Not To Exceed Need..—Paul Douglas Scholarship assistance awarded by the statewide panel established pursuant to section 545 to any individual in any given year, when added to assistance received under title IV of this Act, shall not exceed the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending. If the amount of the Paul Douglas Scholarship assistance and assistance received under title IV of this Act, exceeds the cost of attendance, the Paul Douglas Scholarship shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

(d) Assistance Not To Exceed Cost of Attendance.—No individual shall receive an award under the Paul Douglas Scholarship established under this subpart, in any academic year, which exceeds the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending.

SEC. 545. SELECTION OF PAUL DOUGLAS SCHOLARS.

(a) SELECTION BY STATEWIDE PANELS.—Paul Douglas Scholars shall be selected by a seven-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing grant agency or panel designated by the chief State elected official and approved by the Secretary of Education. The statewide panel shall be representative of school administrators, teachers, including preschool teachers, and parents.

(b) ELIGIBILITY FOR SELECTION; SELECTION CRITERIA AND PROCEDURES.—Selections of Paul Douglas Scholars shall be made from students who have graduated or who are graduating from high school and who rank in the top 10 percent of their graduating class. The State educational agency shall make applications available to public and private nonprofit high schools in the State and in other locations convenient to applicants, parents, and others. The statewide panel shall develop criteria and procedures for the selection of Paul Douglas Scholars. Such criteria may include the applicant's high school grade point average, involvement in extracurricular activities, financial need, and expression of interest in teaching as expressed in an essay written by the applicant. The panel may also require the applicant to furnish letters of recommendation from teachers and others.

(c) WAIVER.—The Secretary may waive the requirements of section 543(d) for not more than 25 percent of all individuals receiving a scholarship under this subpart.

SEC. 546. SCHOLARSHIP CONDITIONS.

Recipients of scholarship assistance under this subpart shall continue to receive such scholarship payments only during such periods that the State agency finds that the recipient is—

(1) enrolled as a full-time student in an accredited postsecondary institution;

(2) pursuing a course of study leading to teacher certification; and

(3) maintaining satisfactory progress as determined by the postsecondary institution the recipient is attending.

SEC. 547. SCHOLARSHIP REPAYMENT PROVISIONS.

Recipients found by the State agency to be in noncompliance with the agreement entered into under section 543(b)(4) of this subpart shall be required to repay a pro rata amount of the scholarship awards received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of title IV of this Act) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

SEC. 548. EXCEPTIONS TO REPAYMENT PROVISIONS.

(a) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to section 543(b)(4)(C) during any period in which the recipient—

(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

(6) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or education program for a single period not to exceed 27 months; or

(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

(b) Forgiveness if Permanently Totally Disabled.—A recipient shall be excused from repayment of any scholarship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

SEC. 549. FEDERAL ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW.

(a) Disapproval Hearing Required.—The Secretary shall not finally disapprove any application for a State program submitted under section 543, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

(b) Suspension of Eligibility.—Whenever the Secretary, after reasonable notice and opportunity for a hearing to the State agency administering a State program approved under this subpart, finds—

(1) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

(2) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

(c) Court Review.—

(1) In general.—If any State is dissatisfied with the Secretary's final action under subsection (b) (1) or (2), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which the action was based.

(2) Findings.—The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify any pre-

vious action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(3) Jurisdiction.—The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

SEC. 550. EVALUATION.

(a) In General.—The Secretary shall conduct, by grant or contract, an independent evaluation of recipients of scholarship assistance under this subpart, which shall summarize and evaluate the State activities assisted under this subpart and the performance of such recipients. The evaluation shall assess the impact of the scholarship program assisted under this subpart to determine whether such program has brought into teaching a significant number of highly able individuals who otherwise would not have entered teaching.

(b) Contents.—The evaluation described in subsection (a) shall include—

(1) a description of the characteristics, including the educational preparation and achievement, of recipients of scholarship assistance under this subpart compared to similar students participating in teacher training who do not receive such scholarships;

(2) the rate at which such recipients successfully complete academic training and go on teaching careers in preschool, elementary, or secondary education, compared to such rate for similar individuals who do not receive scholarship assistance under this subpart;

(3) the extent to which it is possible to determine objectively that the receipt of scholarship assistance under this subpart was the primary reason for an individual's choice of a teaching education and career;

(4) the extent to which such recipients comply with the provisions of this subpart;

(5) the length of time such recipients remain in teaching careers, compared to similar teachers who do not receive scholarships;

(6) the barriers to the effectiveness of the program assisted under this subpart; and

(7) the cost-effectiveness of such program in improving teacher quality and quantity.

(c) Interim Evaluation Reports.—The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1995.

(d) Funding.—The Secretary shall reserve a total of not more than $1,000,000 from the amounts appropriated pursuant to the authority of section 550A in fiscal years 1993 through 1999 to carry out this section.

SEC. 550A. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $27,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

Subpart 2—Christa McAuliffe Career Teacher Corps

SEC. 551. DECLARATION OF PURPOSE; DESIGNATION.

(a) PURPOSE.—It is the purpose of this subpart to establish a national fellowship program for experienced teachers.

(b) DESIGNATION.—

(1) FELLOWSHIP.—A fellowship awarded under this subpart shall be known as a "Christa McAuliffe Career Teacher Corps fellowship".

(2) MEMBERSHIP.—A recipient of a fellowship under this subpart shall be known as a "Christa McAuliffe Career Teacher Corps member".

SEC. 552. PROGRAM AUTHORIZED.

(a) IN GENERAL.—The Secretary is authorized to make grants, in accordance with the provisions of this subpart, to State educational agencies to enable such State educational agencies to—

(1) conduct Christa McAuliffe Career Teacher Corps activities; and

(2) to award fellowships to Christa McAuliffe Career Teacher Corps members in accordance with the provisions of this subpart.

(b) AMOUNT OF GRANTS.—The amount awarded to each State educational agency pursuant to paragraph (1) of subsection (a) shall be an amount awarded on the basis of the school-age population in the State compared to the school-age population in all States, except that the Secretary may adjust the awards to ensure that such awards are of sufficient size to carry out the purposes of this subpart.

(c) STATE ACTIVITIES.—Each State educational agency receiving a grant pursuant to subsection (a) shall use not more than 10 percent of such grant to carry out the State activities described in section 559.

SEC. 553. CHRISTA MCAULIFFE CAREER TEACHER CORPS FELLOWSHIPS.

(a) AWARD DISTRIBUTION AND AMOUNT.—

(1) AWARD DISTRIBUTION.—Each State educational agency receiving a grant under this subpart shall use such funds to award Christa McAuliffe Career Teacher Corps fellowships to public and private school teachers who have been employed as teachers for 8 or more years to enable such teachers to engage in the activities described in subsection (b).

(2) AMOUNT.—Fellowships shall be in an amount equal to the annual salary the individual would earn in such individual's current place of employment for the award period.

(3) RATABLE REDUCTION.—If an individual receives a fellowship award for less than a school year, such fellowship shall be ratably reduced to equal the salary foregone.

(4) DURATION.—Each Christa McAuliffe Career Teacher Corps member may not receive an award for 2 consecutive years.

(5) Requirement.—Subject to the repayment provisions of section 556(b), each Christa McAuliffe Career Teacher Corps member shall be required to return to a teaching position in their current place of employment for at least 2 years following the fellowship award, except that such member may work in another State with a Christa McAuliffe Career Teacher Corps Program upon approval of both the sending and receiving State.

(b) Use of Fellowships.—Each Christa McAuliffe Career Teacher Corps fellowship may be used for—

(1) sabbaticals for study, research or academic improvement to—

(A)(i) improve such teacher's knowledge base in an area of expertise; or

(ii) learn a new area of expertise; and

(B) increase skills and professional ability;

(2)(A) consultation with or assistance to other school districts or private school systems; or

(B) development of special innovative programs for the purpose of improving—

(i) in-service training for teachers and other school personnel; or

(ii) student achievement; or

(3) expanding or replicating model programs of staff development.

SEC. 554. SELECTION OF CHRISTA MCAULIFFE CAREER TEACHER CORPS MEMBERS.

(a) In General.—Christa McAuliffe Career Teacher Corps members in each State shall be selected (in accordance with section 555) by a 7-member statewide panel appointed by the chief State school officer, or by an existing panel designated by the chief State school officer. The statewide panel shall be representative of school administrators, teachers, parents, and institutions of higher education.

(b) Special Rule.—Each State educational agency may choose to administer the program assisted under this subpart through a preexisting panel which is experienced in administering similar programs.

SEC. 555. EVALUATION OF APPLICATIONS.

(a) Submission to and Review by Statewide Panel.—An applicant for a Christa McAuliffe Career Teacher Corps fellowship shall submit a proposal for a project under section 553(b), and shall indicate the extent to which the applicant wishes to continue current teaching duties. The applicant shall submit such a proposal to the local educational agency for comment prior to submission to the statewide panel (appointed under section 554) for the State in which the teacher is employed. Each such application shall contain such information as such State educational agency may reasonably require.

(b) Consultation and Consideration.—

(1) In General.—In evaluating proposals, the statewide panel shall consult with the local education agency, and shall consider—

(A) evaluations during employment as a teacher;

(B) demonstrated commitment to teaching in the future; and

(C) intended activities during the award period;

(2) RECOMMENDATIONS.—The statewide panel may request recommendations from teaching peers, the principal and the superintendent on the quality of the proposal, the benefit of such proposal to education, and any other criteria for awarding fellowships as is considered appropriate by such statewide panel.

(3) SELECTION.—Selection of members of the statewide panel shall be made in accordance with regulations prescribed by the Secretary.

(c) SPECIAL CONSIDERATION.—The statewide panel shall give special consideration, in the selection of Christa McAuliffe Career Teacher Corps members, to individuals who intend to use an award period to improve or acquire skills—

(1) in the subject areas of science or mathematics; or

(2) in order to teach or provide related services to students with disabilities, limited English proficient students or preschool age students.

(d) PUBLIC ANNOUNCEMENT.—Announcement of fellowship awards shall be made in a public ceremony.

"SEC. 556. FELLOWSHIP AGREEMENT AND REPAYMENT PROVISIONS.

(a) AGREEMENT.—Each individual who receives a Christa McAuliffe Career Teacher Corps fellowship shall enter into a written agreement with the State educational agency. Each such agreement shall provide assurances that the Christa McAuliffe Career Teacher Corps member—

(1) will spend up to a one-year award period during which the Christa McAuliffe Career Teacher Corps member is released from teaching responsibilities to participate in programs and activities allowed under section 553(b), approved pursuant to section 555 by the statewide panel;

(2) shall be encouraged, subject to the approval of the local educational agency, during the 2 years following the award period through the professional development school, if one exists, to—

(A)(i) participate in an induction program for new teachers by acting as a mentor to new Teacher Corps members under part E or other new teachers with the same substantive field of expertise as the Christa McAuliffe Career Teacher Corps member where practicable; or

(ii) make some other contribution to the Teacher Corps programs conducted pursuant to part E; and

(B) assist in the development of in-service training programs through the professional development school, of such school exists; and

(3) shall be given the opportunity to participate in activities developed by the Secretary and the State educational agency through which the individual was selected as a Christa McAuliffe Career Teacher Corps member which are intended to foster communication among, and bring together, members of the Christa McAuliffe Career Teacher Corps.

(b) FELLOWSHIP REPAYMENT.—

(1) In General.—Individuals found by the State educational agency to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay to the State educational agency a pro rata amount of the Christa McAuliffe Career Teacher Corps fellowships received, plus interest at the highest rate applicable to loans under part B of title IV of this Act and, where applicable, reasonable collection fees.

(2) Exception.—An individual shall not be considered to be in violation of the agreement entered into pursuant to subsection (a) during any period in which such individual meets the exception to repayment provisions set forth in section 548(a)(2), 548(a)(3) or 548(b) of this Act, or if the individual dies.

(c) Waiver.—The Secretary may provide for the partial or total waiver or suspension of any service obligation or repayment by an individual who received a Christa McAuliffe Career Teacher Corps fellowship whenever compliance by such individual is impossible or would involve extreme hardship to such individual, or if enforcement of such obligation with respect to such individual would be unconscionable.

SEC. 557. SECRETARY'S RESPONSIBILITIES.

The Secretary shall—

(1) make awards to State educational agencies having applications approved under section 558; and

(2) in cooperation with the State educational agency, conduct activities which foster communication among and bring together members of the Christa McAuliffe Career Teacher Corps including activities such as written communications, meetings, or training sessions.

SEC. 558. STATE APPLICATION.

(a) Application Required.—Each State educational agency desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

(b) Contents.—Each application submitted pursuant to subsection (a) shall—

(1) provide assurances that Christa McAuliffe Career Teacher Corps members will be released from teaching responsibilities for up to one school year without jeopardizing the rights such members would have had without participating in the program assisted under this subpart;

(2) provide assurances that the State educational agency, or its designee, in cooperation with local educational agencies, shall maintain accurate records regarding the activities of Christa McAuliffe Career Teacher Corps members within the State to ensure that such members are meeting all conditions of the fellowships provided pursuant to this subpart, and shall notify the Secretary immediately upon a change in a Christa McAuliffe Career Teacher Corps member's status rendering such Christa McAuliffe Career Teacher Corps member in violation of the conditions of the fellowship; and

(3) provide assurances that the State educational agency has consulted with local educational agencies in designing and developing the Christa McAuliffe Career Teacher Corps program.

SEC. 559. STATE USE OF FUNDS.

(a) IN GENERAL.—Each State educational agency awarded a grant under this subpart may use such funds to—

(1) establish, operate, and expand in-service programs and activities for Christa McAuliffe Career Teacher Corps members at the State and local levels, through professional development schools if such entities exist, or other entity, to improve knowledge of subject matter, and to increase skills and professional ability, in coordination with local educational agencies;

(2) award Christa McAuliffe Career Teacher Corps fellowships;

(3) provide funds to statewide panels to administer programs in accordance with section 555;

(4) award grants to local educational agencies go establish programs and activities described in paragraph (1) through professional development schools if such entities exist or other entities,

(5) publicize the availability of fellowships pursuant to this subpart; and

(6) ensure that each Christa McAuliffe Career Teacher Corps member understands the obligations to repay the fellowships in accordance with section 556(b).

(b) PUBLICATION AND RECRUITMENT.—Each State educational agency receiving assistance under this subpart shall publicize the availability of Christa McAuliffe Career Teacher Corps fellowships in local educational agencies throughout the State, particularly in local educational agencies with minority enrollment in excess of the statewide average minority enrollment, and shall recruit minority teachers to participate in such program. Such publication shall contain a description of programs and activities available to Christa McAuliffe Career Teacher Corps members through professional development schools if such entities exist, institutions of higher education or other approved entities.

SEC. 560. EVALUATION.

(a) IN GENERAL.—

(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent evaluation of—

(A) Christa McAuliffe Career Teacher Corps members; and

(B) the impact of the activities undertaken by the Christa McAuliffe Career Teacher Corps members on teachers, teacher research, curricula, staff development, improvement of programs and improvement of student achievement.

(2) COMPETITIVE BASIS.—The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

(b) CONTENTS.—The evaluation shall—

(1) include information on the nature of projects developed and implemented by Christa McAuliffe Career Teacher Corps members;

(2) assess the measurable effects of such projects on the academic performance of the students served by such projects;

(3) assess the effect of the fellowship program assisted under this subpart on the postfellowship experiences of Christa McAuliffe Career Teacher Corps members;

(4) identify the barriers to such program's effectiveness;

(5) assess the extent to which successful projects were disseminated and adopted by other teachers and schools without further Federal assistance; and

(6) determine and explore ways to improve the cost-effectiveness of such program.

(c) INTERIM EVALUATION REPORTS.—The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1995.

(d) FUNDING.—The Secretary shall reserve a total of not more than $1,000,000 from the amounts appropriated pursuant to the authority of section 560A in fiscal years 1993 through 1999 to carry out this section.

SEC. 560A. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $27,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

PART E—TEACHER CORPS

SEC. 561. TEACHER CORPS PROGRAM AUTHORIZED.

(a) GRANTS BY THE SECRETARY.—In any fiscal year in which the appropriations for this part do not equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this part, to make grants, on a competitive basis, to State educational agencies to carry out Teacher Corps activities.

(b) STATE GRANT PROGRAM.—In any fiscal year in which the appropriations for this part equal or exceed $50,000,000, the Secretary is authorized, in accordance with the provisions of this part, to make grants to State educational agencies from allocations under subsection (c) to carry out Teacher Corps activities.

(c) ALLOCATION.—Except as provided in subsection (a), each State educational agency shall be eligible to receive a grant under this part in each fiscal year that bears the same ratio to the amount appropriated under section 568 in that fiscal year as the school-age population of the State bears to the school-age population of all States.

(d) TEACHER CORPS SCHOOL.—For the purpose of this part the term "Teacher Corps school" means a public elementary or secondary school identified by the State educational agency as having the highest levels of poverty and the lowest levels of student achievement based on a ranking of such elementary schools and secondary schools in the State according to the number of children living in poverty and the levels of student achievement. In carrying out the preceding sentence, the State educational agency shall identify and inform not more than 10 percent of such elementary schools and not more than 10 percent of such secondary schools in the State which have the highest levels of poverty and the lowest levels of student achievement.

(e) DESIGNATION.—

(1) Scholarship.—A scholarship awarded under this part shall be referred to as a "Teacher Corps scholarship".

(2) Recipient.—A recipient of a scholarship under this part shall be referred to as a "Teacher Corps member".

SEC. 562. USE OF FUNDS.

(a) Secretary.—The Secretary shall use funds provided pursuant to this part to—

(1) disseminate information nationally about the availability of scholarships under this part;

(2) conduct activities, with the cooperation of the State and local educational agencies, which foster communication among, and bring together, members of the Teacher Corps, including activities such as written communications, meetings, or training sessions;

(3) establish and conduct summer preservice orientation programs for Teacher Corps members about to begin teaching;

(4) ensure that Teacher Corps members recognize the challenges of teaching in a Teacher Corps school;

(5) inform Teacher Corps members of Teacher Corps schools and facilitate the hiring and placement of Teacher Corps members at Teacher Corps schools;

(6) evaluate applications from and award grants to State educational agencies to enable such agencies to award Teacher Corps scholarships in accordance with the provisions of this part; and

(7) collect scholarship repayments from individual Teacher Corps members, in accordance with the provisions of section 566.

(b) State Educational Agency.—Each State educational agency receiving a grant under this part shall use such grant funds to—

(1) evaluate applications for Teacher Corps membership and award scholarships to Teacher Corps members;

(2) provide technical assistance to local educational agencies establishing and operating induction programs;

(3) ensure that Teacher Corps members understand the obligation to repay the scholarships received under this part upon failure to comply with the conditions of the scholarship; and

(4) ensure that Teacher Corps members are fulfilling the obligation to repay scholarships received under this part, and provide the Secretary with the names and addresses of Teacher Corps members who have not fulfilled such obligation.

(c) Special Rule.—The Secretary may enter into contracts with or make grants to nonprofit educational organizations for—

(1) recruiting members of the Teacher Corps;

(2) establishing and conducting summer preservice training programs; and

(3) conducting activities that foster communications among and bring together members of the Teacher Corps.

(d) Reservations.—Each State receiving a grant under this part may reserve—

(1) 5 percent of such grant funds to provide technical assistance to local educational agencies and to pay administrative costs; and

(2) 5 percent of such grant funds to provide for induction and mentoring programs.

(e) Special Rule.—Each State educational agency receiving a grant under this part may enter into contracts with or award grants to nonprofit educational agencies to conduct the activities described in subsection (b).

SEC. 563. TEACHER CORPS.

(a) Selection.—The State educational agency shall select Teacher Corps members.

(b) Criteria.—

(1) In general.—The State educational agency shall establish criteria to select Teacher Corps members that are intended to—

(A) attract highly qualified individuals to teaching; and

(B) meet the needs of Teacher Corps schools in addressing teacher shortages.

(2) Criteria.—The criteria described in paragraph (1) may include—

(A) in the case of students or recent graduates, outstanding academic records, or in other cases, contributions which may be made by individuals working in other careers; and

(B) a demonstrated commitment to teaching or professional experience in substantive fields of expertise in which the State is experiencing or expects to experience teacher shortages.

(c) Special Consideration.—The State educational agency, in selecting Teacher Corps members, shall give special consideration to individuals who—

(1) intend to teach or provide related services to students with disabilities;

(2) intend to teach limited-English proficient students;

(3) intend to teach preschool age children;

(4) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities; or

(5) are underrepresented in the teaching profession or in the curricular areas in which such individuals are preparing to teach.

(d) Application.—Each individual desiring to participate in the program assisted under this part shall submit an application at such time, in such manner, and containing such information as the State educational agency may reasonably require.

SEC. 564. STATE APPLICATION.

In order to receive funds under this part, a State educational agency, in consultation with the Governor, shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall—

(1) describe how the State educational agency shall select Teacher Corps members;

(2) identify Teacher Corps schools within the State, where Teacher Corps members shall be assigned, provided that not more than 10 percent of all public schools in the State may be designated Teacher Corps schools;

(3) provide assurances that the State educational agency, in cooperation with local educational agencies, shall assist in employment placement within such State for Teacher Corps members in Teacher Corps schools;

(4) provide assurances that the State educational agency, in cooperation with local educational agencies, shall ensure that Teacher Corps members are paid at rates comparable to other entry level teachers in the school district where the Teacher Corps member is assigned;

(5) provide assurances that the local educational agencies in which the Teacher Corps members shall be placed shall establish or expand induction programs that assist Teacher Corps members in adjusting to the new school and community where such members shall teach, including working with a mentor teacher in the school building where the Teacher Corps members are placed; and

(6) describe how the State educational agency shall monitor and report to the Secretary not less than annually on the operation of programs assisted under this part and on the compliance of individuals who receive Teacher Corps scholarships with the provisions of this part.

SEC. 565. SCHOLARSHIPS.

(a) ELIGIBILITY.—

(1) IN GENERAL.—An individual is eligible to receive Teacher Corps scholarships for a maximum of 3 years during enrollment in any of the following programs of study, or a combination thereof:

(A) a program of study leading to a baccalaureate or associate's degree;

(B) a 1- or 2-year postbaccalaureate program of study leading to a master's or specialist degree or a teaching certificate; or

(C) a 2-year program of study leading to an associate's degree in early childhood education or early childhood development, or a 1-year program of study leading to a child development associate credential.

(2) SPECIAL RULES.—(A) An individual pursuing a program of study described in subparagraph (B) of paragraph (1) is eligible to receive a Teacher Corps scholarship during any of the first 3 years that such individual is employed as a teacher to defray the costs of pursuing such postbaccalaureate instruction.

(B) An individual in possession of a bachelor's degree, who wishes to enter teaching from another profession, is eligible to receive a Teacher Corps scholarship to enable such individual to receive the instruction necessary to enter the teaching profession, as determined by the State in which the individual wishes to teach. Such instruction may be provided while the individual is employed as a provisional teacher.

(b) LIMITATIONS ON AMOUNT AND DURATION.—Subject to subsection (d), each Teacher Corps member shall receive a $5,000 scholarship for each academic year of postsecondary education, except that no individual shall receive scholarship assistance for more than 3

years of post-secondary education (including postbaccalaureate), as determined by the Secretary.

(c) Consideration of Award in Other Programs.—Each Teacher Corps scholarship awarded pursuant to this part shall be considered as student financial assistance in determining eligibility for student assistance under title IV.

(d) Assistance Not To Exceed Need.—Each Teacher Corps scholarship, when added to assistance received under title IV, if any, shall not exceed the cost of attendance, as defined in section 472, at the institution the individual is attending. If the amount of the Teacher Corps scholarship and assistance received under title IV exceeds the cost of attendance, loans received under parts B, D, or E of such title shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

(e) Continued Eligibility.—Each individual who receives a Teacher Corps scholarship shall continue to receive such scholarship payments only during such periods that the State educational agency finds that such individual is—

(1) enrolled as a full-time student in an accredited postsecondary institution; and

(2) maintaining satisfactory progress defined under section 484.

SEC. 566. SCHOLARSHIP CONDITIONS.

(a) Scholarship Agreement.—Each individual receiving a scholarship under this part shall enter into a written agreement with the State educational agency which shall provide assurances that each such individual—

(1) shall pursue a course of study which meets State requirements for teacher preparation;

(2) has completed at least 2 years of undergraduate education at an institution of higher education;

(3) shall maintain satisfactory academic progress and participate in teaching-related activities while in undergraduate or post-baccalaureate programs;

(4) shall work as a teacher upon completion of such individual's education for 3 years in a Teacher Corps school, as identified by the State educational agency pursuant to section 561(d), except that Teacher Corps members may transfer to another such school within the State or in another State upon approval of the State Educational agency;

(5) in carrying out the obligation described in paragraph (4), shall meet the performance requirements of—

(A) the school in which such individual teaches; and

(B) local educational agency served by such school.

(6) shall repay all or part of a Teacher Corps scholarship received under section 562(b) plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under subsection (b), in the event that the conditions of this subsection are not complied with, except as provided for in subsection (c);

(7) at least during the first year of employment, shall participate in an induction program which includes working with a

mentor teacher selected by the local educational agency in which the Teacher Corps member is employed and who, to the extent practicable, is teaching in the same subject as the Teacher Corps member; and

(8) who is not enrolled in a program of study as set forth in section 565(a)(1)(C) shall obtain State teacher certification during the period of employment or as soon as possible as State law requires.

(b) Scholarship Repayment.—

(1) In general.—Individuals found by the State educational agency to be on noncompliance with the agreement entered into under subsection (a) shall be required to repay to the Secretary a pro rata amount of the scholarship awards received, plus interest at the highest rate applicable to loans under part B of title IV and, where applicable, reasonable collection fees, in accordance with the provisions of paragraph (3).

(2) Exceptions to repayment.—An individual shall not be considered to be in violation of the agreement entered into pursuant to subsection (a) during any period in which such individual meets the exceptions to repayment provisions set forth in section 548(a)(2), 548(a)(3) or 548(b), or if the individual dies.

(3) Repayment percentages.—Each individual found by the Secretary to be in noncompliance with the agreement entered into under subsection (a) shall be required to repay—

(A) 100 percent of the total amount of scholarships awarded under this part if such individual does not teach pursuant to the agreement described in subsection (a) or teaches pursuant to such agreement for less than 1 year;

(B) 67 percent of such amount if such individual teaches pursuant to such agreement for at least 1 year but less than 2 years; and

(C) 34 percent of such amount if such individual teaches pursuant to such agreement for at least 2 years but less than 3 years.

(4) Interest.—If a portion of scholarship is repaid under this subsection in any year, the entire amount of interest on such portion of such scholarship which accrues for such year shall be repaid.

(5) Use of repayments.—Any repayments of scholarships made to the Secretary pursuant to the provisions of this section shall be used by the Secretary to make additional grants in accordance with the provisions of this part.

(c) Waiver.—The Secretary may provide for the partial or total waiver or suspension of any service obligation or repayment by an individual who received a Teacher Corps scholarship whenever compliance by such individual is impossible or would involve extreme hardship to such individual.

SEC. 567. PUBLICATION AND RECRUITMENT.

(a) In general.—The Secretary shall—

(1) publicize the availability of, and procedure to apply for, Teacher Corps scholarships, particularly among students participating in teaching-related activities through summer teaching institutes, future teacher clubs, and other teaching-related

activities, at institutions of higher education nationwide, particularly in institutions of higher education with large minority enrollments, historically black colleges and universities, secondary schools nationwide, (especially such schools with minority enrollment in excess of the statewide average minority enrollment) and with—

(A) individuals participating in programs assisted under subpart 4 of part A of title IV;

(B) individuals leaving the armed services, the Peace Corps, and VISTA;

(C) community-based organizations working in minority education; and

(D) other agencies and entities likely to attract individuals interested in entering teaching from another career;

(2) recruit minority students to participate in the program assisted under this part; and

(3) recruit students with outstanding academic records to participate in such program.

(b) SPECIAL RULE.—The publications required under subsection (a) shall describe substantive fields of expertise and geographic areas experiencing teacher shortages within the Nation.

SEC. 568. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $50,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out the provisions of this part.

PART F—STATE ACADEMIES FOR EDUCATORS

SEC. 570. PURPOSES.

It is the purpose of this part to establish State Academies for Educators that—

(1) upgrade, enhance and renew teacher knowledge of subject matter in key academic subjects;

(2) improve the training and performance of current and prospective school leaders in instructional leadership, school-based management, school reform strategies, and implementation of school-level accountability mechanisms; and

(3) improve teacher training by providing prospective and novice teachers an opportunity to work in school-based settings under the guidance of experienced mentor teachers.

Subpart 1—General Provisions

SEC. 571. ALLOTMENT OF FUNDS; AUTHORIZATION OF APPROPRIATIONS.

(a) ALLOTMENT OF FUNDS.—

(1) RESERVATION.—From the total amount appropriated pursuant to the authority of subsection (b) in each fiscal year, the Secretary may reserve an amount not to exceed two percent of such amount for evaluation and dissemination of activities assisted under subparts 2, 3, and 4 of this part.

(2) ALLOTMENT.—From the funds appropriated pursuant to the authority of subsection (b) for each of subparts 2, 3, 4, and 5 of this part and not reserved pursuant to subsection (a), the Secretary shall allot to each State educational agency—

(A) 50 percent of the funds available for each such subpart of the basis of the number of full-time equivalents of public school teachers in the State compared to the total number of full-time equivalents of public school teachers in all States;

(B) 25 percent of the funds available for each such subpart on the basis of the amount the State receives under sections 1005 and 1006 of chapter 1 of title 1 of the Elementary and Secondary Education Act of 1965 compared to the total amount that all States receive under such chapter; and

(C) 25 percent of the funds available for each such subpart on the basis of the number of individuals in the State aged 5 through 17 compared to the number of all such individuals in all States.

(b) AUTHORIZATION OF APPROPRIATIONS.—

(1) SUBPARTS 2, 3, AND 4.—There are authorized to be appropriated $132,000,000 for fiscal year 1993 and such sums as may be necessary for the 6 succeeding fiscal years to carry out subparts 2, 3, and 4 of this part, of which—

(A) 50 percent of the amount appropriated in any fiscal year shall be available to carry out subpart 2;

(B) 15 percent of such amount shall be available to carry out subpart 3; and

(C) 35 percent of such amount shall be available to carry out subpart 4.

(2) SUBPART 5.—There are authorized to be appropriated $8,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out the provisions of subpart 5.

SEC. 572. PLAN.

(a) IN GENERAL.—Each State educational agency desiring assistance under this part shall prepare a plan, in consultation with the Governor, and submit such plan to the Secretary.

(b) CONTENTS.—Each plan submitted pursuant to subsection (a) shall contain—

(1) a description of the Academies to be established under this part and the goals and objectives for each such Academy;

(2) a description of how the Academies assisted under this part shall relate to the overall plan for the attainment of the National Education Goals by the State;

(3) a description of the competitive process that shall be used to select applicants to operate the Academies assisted under this part, including the role of the Governor in making such selections;

(4) an assurance that the Academies for Teachers shall provide instruction in the key academic subjects;

(5) a description of how the State shall monitor the activities of the Academies assisted under this part;

(6) a description of plans to conduct an independent evaluation, at least once every 2 years, of the impact of the Academies assisted under this part on participants;

(7) a description of how the State shall meet the cost-sharing requirements of this part and an assurance that the State educational agency, or other State agency, shall provide the non-Federal share of funds required under this part for all 5 years in which an allotment under this part is received;

(8) an assurance that the State shall continue to operate the Academies assisted under this part when Federal funds provided pursuant to this title are no longer available;

(9) a description of the steps to be taken by the Academies assisted under this part to recruit individuals from minority groups, bilingual individuals, individuals with disabilities, and individuals from areas with high numbers or concentrations of disadvantaged students to participate in the activities of the Academies assisted under this part;

(10) an assurance that Federal funds provided under this part shall not be used for construction of new facilities or substantial remodeling;

(11) a description of how the activities assisted under this part shall be coordinated with other teacher training activities in the State;

(12) identification of the State agency that shall administer the programs assisted under this part, if the State educational agency does not administer such programs;

(13) an assurance that the State shall use an amount not to exceed 5 percent of all Federal funds received under this part for administrative purposes;

(14) an assurance that programs offered by the Academies assisted under this part shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge; and

(15) other assurances and information as the Secretary may reasonably require.

SEC. 573. MULTISTATE OR REGIONAL PROJECTS.

Each State receiving assistance under this part may combine resources with any other State to operate Academies assisted under this part on a multistate or regional basis.

SEC. 574. PAYMENT RULES.

(a) DURATION.—The Secretary shall not make allotments to any State under section 571 for a period that exceeds 5 years.

(b) SECRETARY'S REVIEW.—The Secretary shall only make the allotment described in section 571 to a State if the Secretary determines that—

(1) the State educational agency is carrying out the activities described in the application submitted pursuant to section 572 and making reasonable progress in achieving the goals contained in such application;

(2) each such Academy shows promise of continuing to meet such goals; and

(3) the State educational agency is providing its share of the cost-sharing requirements.

SEC. 575. DEFINITIONS.

(a) ACADEMY.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3) and unless otherwise specified, the term "Academy"—

(A) as used in subpart 2, means a course of instruction and related activities to increase a teacher's knowledge of a specific subject area, a teacher's ability to impart such knowledge to students, and a teacher's ability to address any other issue described in section 579;

(B) as used in subpart 3, means a course of instruction and related activities to increase a school leader's knowledge of the tools and techniques of school management and leadership, and such leader's ability to exercise such tools and techniques in the school setting, and may include a course of instruction for district-level school system leaders separately or in combination with school leaders and teachers; and

(C) as used in subpart 4, means school-based teacher training operated as a partnership between one or more elementary or secondary schools and one or more institutions of higher education that provide prospective and novice teachers an opportunity to work under the guidance of master teachers and college faculty members.

(2) SCHOOL RESTRUCTURING AND TEAM MANAGEMENT. The term "Academy" may include a course of joint instruction for teachers and school leaders on the methods of school restructuring and school-based management.

(3) SPECIAL RULES.—The term "Academy"—

(A) does not mean a physical facility; and

(B) does not require a separate location from another Academy or other training program.

(b) ELIGIBLE ENTITY.—The term "eligible entity"—

(1) as used in subpart 2, means a local educational agency, an institution of higher education, a museum, a private nonprofit educational organization of demonstrated effectiveness, or a consortium of any 2 or more such entities;

(2) as used in subpart 3, means a technical assistance center assisted under subpart 2 of part C of title V of this Act as such Act was in effect on the day before the date of enactment of the Higher Education Amendment of 1991, a local educational agency, an institution of higher education, a museum, a private nonprofit educational organization of demonstrated effectiveness, or a consortium of any 2 or more such entities; and

(3) as used in subpart 4, means a partnership that includes one or more local educational agencies and one or more institutions of higher education.

(c) KEY ACADEMIC SUBJECTS.—For purposes of this part, the term "key academic subjects" means English, mathematics, science, history, geography, foreign languages, and civics and government.

(d) STATE.—For purposes of this part, the term "State" means each of the 50 States, the District of Columbia, the commonwealth of Puerto Rico, and the Virgin Islands.

SEC. 575a. EVALUATION AND REPORT.

(a) REPORT TO SECRETARY.—Each State educational agency receiving an allotment under this part shall evaluate the work of each

Academy that is located in the State and assisted under this part every 2 years including the impact of each Academy's programs on participants, and report the findings of such evaluation to the Secretary. The initial report shall be submitted 3 years after funds are first allotted to such State educational agency under section 571 and subsequent reports shall be submitted every 2 years thereafter. Such report shall also describe the characteristics of the participants and activities provided at each Academy assisted under this part.

(b) REPORT TO CONGRESS.—The Secretary shall submit to the Congress a summary of the reports required under subsection (a). The initial summary shall be submitted 60 days after the due date of the first report described in subsection (a) and subsequent summaries shall be submitted every 2 years thereafter.

Subpart 2—State Academies for Teachers

SEC. 576. PURPOSE.

It is the purpose of this subpart to improve elementary and secondary school teacher subject matter knowledge and teaching skills in each of the key academic subjects by establishing one or more Academies in the key academic subjects in every State.

SEC. 577. APPLICATION REQUIRED.

(a) IN GENERAL.—Each eligible entity desiring to operate an Academy under this subpart shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State may reasonably require.

(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall describe—

(1) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;

(2) the curriculum to be used or developed by the Academy;

(3) steps to be taken to recruit teachers for the Academy's program, including outreach efforts to identify and attract—

(A) minority group members;

(B) individuals with disabilities;

(C) individuals from areas with large numbers or concentrations of disadvantaged students; and

(D) other teachers with the potential to serve as mentor teachers;

(4) steps to be taken to ensure that faculty members teaching at the Academy shall be of exceptional ability and experience, including outreach efforts to identify and attract as faculty members—

(A) minority group members;

(B) individuals with disabilities; and

(C) individuals from areas with large numbers or concentrations of disadvantaged students.

(5) efforts to be undertaken to disseminate information about the Academy;

(6) selection criteria to be used in identifying teachers to participate in the Academy;

(7) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge; and

(8) efforts to be undertaken to evaluate the impact of the Academy on participants.

SEC. 578. USE OF ALLOTTED FUNDS.

(a) GRANTS.—Each State educational agency receiving an allotment under this part shall use such allotment to award one or more competitive grants to eligible entities to enable such eligible entities to operate an Academy in accordance with the provisions of this subpart.

(b) COSTS.—Each eligible entity receiving a grant under this subpart shall use such funds to meet the operating costs of carrying out the activities described in section 579, which may include reasonable startup and initial operating costs, and stipends, travel, and living expenses for teachers who participate in the Academy's program if no other funds are available to pay such costs.

SEC. 579. AUTHORIZED ACTIVITIES.

Each eligible entity receiving a grant to operate an Academy under this subpart shall use such grant funds for—

(1) enhancement of participants' knowledge in key academic subjects;

(2) skills and strategies to improve academic achievement of students, especially students who are economically disadvantaged, are limited-English proficient, or have disabilities;

(3) improved teaching and classroom management skills; and

(4) any other purpose described in the plan submitted pursuant to section 572 and approved by the Secretary.

SEC. 580. COST-SHARING.

Funds received under this subpart may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this subpart, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining share shall be provided from non-Federal sources, and may be in cash or in-kind contributions, fairly valued.

SEC. 580A. SPECIAL RULES.

(a) USES OF FUNDS.—

(1) KEY ACADEMIC SUBJECTS.—At least 70 percent of funds received under this subpart shall be used for enhancement of participant knowledge in key academic subjects.

(2) OTHER SUBJECTS.—At least 20 percent of the funds received under this subpart shall be used for enhancement of participant knowledge in areas not related to academic subjects.

(b) SPECIAL RULE.—In awarding grants under this part the State educational agency may provide for training in 2 or more key academic subjects at a single site.

SEC. 580B. SELECTION PANEL.

(a) ESTABLISHMENT.—Each Academy established under this subpart shall establish a 10-member selection panel to select teachers to

attend the National Teacher Academies established pursuant to part G.

(b) Composition and Representation.—

(1) Composition.—At least 50 percent of the membership of each selection panel shall be classroom teachers, selected in consultation with teacher organizations, if any, in the State.

(2) Representation.—The composition of each selection panel shall be broadly representative of the elementary and secondary schools and the local educational agencies served by the Academy.

(c) Function.—Each selection panel shall—

(1) annually select the State delegations in accordance with section 595; and

(2) involve the individuals selected pursuant to paragraph (1) in the operation of the Academy, if any, or other in-service training activities in the local educational agency in which such individuals teach.

Subpart 3—State Academies for School Leaders

SEC. 581. PURPOSE.

It is the purpose of this subpart to improve the training and performance of school principals and other school leaders and to increase the number of persons who are highly trained to be principals and school leaders by establishing an Academy for current and prospective school leaders in every State.

SEC. 582. APPLICATION REQUIRED.

(a) In General.—Each eligible entity desiring to operate an Academy under this subpart shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as the State may reasonably require.

(b) Contents.—Each application submitted pursuant to subsection (a) shall describe—

(1) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;

(2) the curriculum to be used to developed by the Academy;

(3) the steps to be taken to recruit school leaders for the Academy's program, including outreach efforts to identify and attract—

(A) minority group members;

(B) individuals with disabilities;

(C) individuals from areas with large numbers or concentrations of disadvantaged students; and

(D) other individuals with potential to become school leaders;

(4) efforts to be taken to disseminate information about the Academy;

(5) selection criteria to be used in identifying school leaders to participate in the Academy;

(6) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge;

(7) steps to be taken to assure the involvement of private sector managers and executives from businesses in the conduct of the Academy's programs; and

(8) efforts to be undertaken to evaluate the impact of the Academy on participants.

SEC. 583. USE OF ALLOTTED FUNDS.

(a) GRANTS.—Each State educational agency receiving an allotment under this subpart shall use such allotment to award competitive grants to an eligible entity to enable such eligible entity to operate an Academy in accordance with the provisions of this subpart.

(b) COSTS.—Each eligible entity receiving funds under this subpart shall use such funds to meet the costs of carrying out the activities described in section 584, which may include reasonable startup and initial operating costs, and stipends, travel, and living expenses for participants in the Academy if no other funds are available to pay such costs.

(c) LIMITATIONS.—

(1) PARTICIPANTS.—At least 70 percent of the participants in an Academy shall be from the school building level.

(2) SPECIAL RULE.—In awarding grants under this subpart, the State educational agency may provide for the location at the same site of Academies assisted under this subpart and Academies assisted under subpart 2.

SEC. 584. AUTHORIZED ACTIVITIES.

Each eligible entity receiving a grant to operate an Academy under this subpart shall use such grant funds for—

(1) development and enhancement of participants' knowledge in instructional leadership, school-based management, shared decisiomaking, school improvement strategies and school-level accountability mechanisms;

(2) identification and recruitment of candidates, including individuals who are minority, disabled, and bilingual, to be trained as school leaders;

(3) conducting programs which provide for the involvement of private sector managers and executives from businesses; and

(4) any other purpose described in the plan submitted pursuant to section 572 and approved by the Secretary.

SEC. 585. COST-SHARING.

Funds received under this subpart may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this subpart, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining share shall be provided from non-Federal sources, and be in cash or in kind, fairly valued.

Subpart 4—Professional Development Academies

SEC. 586. PURPOSE.

It is the purpose of this subpart to improve teacher and school leader training by establishing at least one school-based teacher training program in every State that provides prospective and novice teachers and school leaders the opportunity to work under the guid-

ance of experienced mentors or master teachers and faculty members from institutions of higher education.

"SEC. 587. APPLICATION REQUIRED.

(a) In General.—Each eligible entity desiring to operate an Academy under this subpart shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as the State educational agency may reasonably require.

(b) Contents.—Each application submitted pursuant to subsection (a) shall describe—

(1) what schools within the local educational agency and what institutions of higher education shall participate in the partnership or otherwise participate in the program;

(2) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches such goals;

(3) the activities, services and programs to be offered by the Academy;

(4) ways in which the professional development programs shall cover course content in key academic subjects, methods of instruction, and classroom and school-based management skills;

(5) plans to involve prospective and novice teachers in the programs offered by the Academy, including outreach efforts to identify and attract—

(A) minority group members;

(B) individuals with disabilities; and

(C) individuals from areas with large numbers of concentrations of disadvantaged students; and

(6) efforts to be taken to disseminate information about the Academy.

(c) Assurances.—Each application submitted pursuant to subsection (a) shall contain assurances that—

(1) professional development programs at the Academy shall be designed and conducted by faculty members from institutions of higher education and teachers from local schools of demonstrated excellence;

(2) the activities, services and programs offered by the Academy shall be developed in consultation within the faculty of institutions of higher education and elementary and secondary schools;

(3) participating faculty from institutions of higher education shall include faculty members who are experts in the key academic subjects; and

(4) the activities, services and programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge.

SEC. 588 USE OF ALLOTTED FUNDS.

(a) Grants.—

(1) In general.—Each State educational agency receiving an allotment under this subpart shall use such allotment to award competitive grants to eligible entities to enable such eligible entities to operate an Academy in accordance with the provisions of this subpart.

(2) Costs.—Each eligible entity receiving a grant under this subpart shall use such funds to meet the operating costs of carrying out the activities described in section 589, which may include reasonable startup and initial operating costs, and stipends, travel, and living expenses for teachers who participate in the Academy's program if no other funds are available to pay such costs.

(3) Special rule.—The State educational agency may limit the amount of funds under this subpart that may be used for minor remodeling and the purchase of equipment.

SEC. 589. AUTHORIZED ACTIVITIES.

Each eligible entity receiving a grant to operate an Academy under this subpart shall use such grant funds for—

(1) training and internship activities for prospective or novice teachers in a school setting under the guidance of master or mentor teachers and faculty from institutions of higher education, especially faculty who are experts in key academic subjects;

(2) mentoring and induction activities for prospective and novice teachers, including such teachers seeking to enter teaching through alternative routes;

(3) teaching skills and strategies to increase the ability of prospective, novice and experienced teachers to teach disadvantaged students, students with disabilities (including students with severe and multiple disabilities and students with lesser known or newly emerging disabilities), students who are limited-English proficient, and students from diverse cultural backgrounds;

(4) programs to enhance teaching and classroom management skills of novice, prospective and experienced teachers including school-based management skills;

(5) experimentation and research to improve teaching and learning conducted in the Academy by teachers and university faculty; and

(6) any other purpose described in the plan submitted pursuant to section 572 and approved by the Secretary.

SEC. 590. COST-SHARING.

Funds received under this subpart may be used to pay not more than 75 percent of the cost of operating an Academy in the first 3 years an eligible entity receives a grant under this subpart and not more than 50 percent of such cost in such fourth and fifth years. The remaining share shall be provided from non-Federal sources, and may be in-kind, fairly valued.

Subpart 5—Teacher Awards

SEC. 590A. PURPOSE.

It is the purpose of this subpart to recognize and honor outstanding teachers.

SEC. 590B. TEACHER AWARDS.

(a) Awards.—

(1) In general.—From the amount allotted to each State to carry out the provisions of this subpart, the State educational

agency shall award grants in accordance with paragraph (2) to Academies assisted under subpart 2 to enable such Academies to carry out a program of providing cash awards and recognition to outstanding teachers in the academic subjects in which training is received at such Academies.

(2) Allocation of funds.—The State educational agency shall award grants under this subpart to each Academy assisted under subpart 2 in the State on the basis of the number of full-time equivalents of public school teachers attending each such Academy assisted under subpart 2 compared to the number of full-time equivalents of all public school teachers in the State.

(b) Eligibility.—Each of the Academies assisted under subpart 2 that receives a grant under this subpart shall only make teacher awards to full-time elementary or secondary school teachers in the State.

(c) Maximum Amount.—Teacher awards under this subpart shall not exceed $5,000.

SEC. 590C. NOMINATIONS AND AWARD CRITERIA.

(a) Nominations.—Each of the Academies assisted under subpart 2 that receives a grant under this subpart shall select teacher award recipients from among individuals nominated by a local educational agency, public or private elementary or secondary school, teacher, association of teachers, parent, association of parents and teachers, business, business group, or student group.

(b) Award Criteria.—

(1) In general.—Each of the Academies assisted under subpart 2 that receives a grant under this subpart shall select teacher award recipients on the basis of criteria developed by such Academies and approved by the State educational agency.

(2) Criteria.—The criteria described in paragraph (1) may include—

(A) educating disadvantaged children and children with disabilities;

(B) educating gifted and talented children;

(C) boosting student achievement in key academic subjects;

(D) introducing a new curriculum in a core academic subject is not a school or strengthening an established curriculum;

(E) acting as a master teacher; and

(F) other criteria as developed by the Academies and approved by the State educational agency.

Part G—National Teacher Academies

SEC. 591. PROGRAM ESTABLISHED.

(a) In General.—The Secretary is authorized, in accordance with the provisions of this part, to make grants to eligible recipients to establish and operate National Teacher Academies.

(b) Subject Areas and Staff.—

(1) Subject areas.—At least 1 but not more than 3 National Teacher Academies shall be established in each of the following

subject areas commonly taught in elementary and secondary schools:

(A) English.
(B) Mathematics.
(C) Science.
(D) History.
(E) Geography.
(F) Civics and government.
(G) Foreign languages.

(2) STAFF.—Academy staff shall be selected from the most accomplished and prominent scholars in the relevant fields of study and in the methodologies which improve the skills of persons who teach in such fields of study.

(c) DURATION OF GRANT.—Each grant to establish and operate a National Teacher Academy shall be for a period of 3 years, and is renewable.

(d) COMPETITIVE GRANT AWARDS.—The Secretary shall award grants under this part on a competitive basis.

SEC. 592. ELIGIBLE RECIPIENTS.

(a) IN GENERAL.—For the purposes of this part, the term 'eligible recipient' means—

(1) an institution of higher education;

(2) a private nonprofit educational organization of demonstrated effectiveness; or

(3) a combination of the institutions or organizations set forth in paragraphs (1) and (2) of this paragraph.

(b) Expertise Requirements.—The Secretary shall only award grants to eligible recipients that have demonstrated expertise in the—

(1) subject area of the National Teacher Academy to be established and operated; and

(2) in-service training of teachers at the National, State, and local levels.

"SEC. 593. USE OF FUNDS.

(a) IN GENERAL.—Funds provided pursuant to this part shall be used to—

(1) provide in-service training programs for teachers and administrators including—

(A) programs which emphasize improving the teachers' knowledge in the particular subject area of the National Teacher Academy;

(B) programs which integrate knowledge of subject matter with techniques for communicating that knowledge to students, including students who are disadvantaged, limited-English proficient, or who have disabilities;

(C) the use of the most recent applied research findings concerning education and the classroom; and

(D) integrating materials from different disciplines into classroom instruction, especially for elementary school teachers;

(2) conduct at least one summer institute of at least 3 weeks duration each year for the State delegations described in section 595; and

(3) provide support services to the State Academies for Teachers including—

(A) the establishment of a national network of individuals to assist in teacher education programs in State Academics for Teachers;

(B) consulting assistance in the design and implementation of in-service teacher training programs; and

(C) monthly newsletters or other methods of communicating useful information.

(b) ADMINISTRATIVE COSTS.—Not more than 10 percent of the amount of funds received under this part may be used by eligible receipts for administrative costs.

SEC. 594. APPLICATION.

(a) APPLICATION.—Each eligible recipient desiring a grant under this part shall submit an application to the Secretary at such time and in such manner as the Secretary may reasonably require.

(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall—

(1) describe the activities, services, and programs for which assistance is sought;

(2) describe how at least 70 percent of the institute's time shall be devoted to basic course content relevant to the particular subject field and necessary for improving the quality of teaching in public and private elementary and secondary schools;

(3) describe how not more than 30 percent of the National Teacher Academy's time shall be devoted to methods of instruction relevant to the particular subject field;

(4) describe how the National Teacher Academy's activities will be coordinated with or administered cooperatively with institutes established by other Federal entities, such as the National Science Foundation and the National Endowment for the Humanities; and

(5) provide such additional assurances or information as the Secretary may reasonably require.

SEC. 595. STATE DELEGATIONS.

(a) IN GENERAL.—Each selection panel established pursuant to section 580B shall select a State delegation to participate in each National Teacher Academy assisted under this part.

(b) COMPOSITION.—

(1) IN GENERAL.—Except as provided in paragraph (2) and (3), each State delegation described in subsection (a) shall, at a minimum, be composed of—

(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

(B) at least 5 teachers, of whom at least 2 shall be elementary school teachers.

(2) SPECIAL RULE.—The State delegations for the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa and the Republic of Palau (until the Compact of Free Association is ratified) shall, at a minimum, be composed of—

(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

(B) at least 3 teachers, of whom at least 1 shall be an elementary school teacher.

(3) ADDITIONAL TEACHERS.—

(A) Each State that has obtained the approval of the appropriate National Teacher Academy may send to such National Teacher Academy the number of additional teachers determined in accordance with subparagraph (B).

(B) The appropriate National Teacher Academy shall determine the number of additional teachers to attend such National Teacher Academy on the basis of the number of full-time equivalent teachers in the State compared to such number in all States.

(c) DUTIES.—Each State delegation shall—

(1) attend the appropriate subject area summer institute at the appropriate National Teacher Academy; and

(2) after participation in the National Teacher Academy assist in the development and operation of the appropriate Academy.

SEC. 595A. SELECTION.

Individuals participating in a National Teacher Academy shall be selected by the selection panel described in section 580B in accordance with the provisions of section 595.

SEC. 595B. NATIONAL TEACHER EVALUATION.

The Secretary shall evaluate the system of National Teacher Academies and the effects of such Academies on teachers every 2 years. The Secretary shall make available to the Congress and the public the results of such evaluation.

SEC. 595C. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated $35,000,000 for fiscal year 1993 and such sums as may be necessary for the 6 succeeding fiscal years to carry out the provisions of part G, of which no more than $5,000,000 is authorized to be appropriated for each of the National Teacher Academy subject areas listed in section 592(b)(1).

(b) SPECIAL RULE.—(1) If the amount appropriated pursuant to the authority of subsection (a) is less than $14,000,000, then not more than $2,000,000 shall be available for each National Teacher Academy subject area in the order in which such subject areas are listed in section 591(b)(1), until such funds are exhausted.

(2) If the amount appropriated pursuant to the authority of subsection (a) is equal to or exceeds $14,000,000, then such funds shall be allocated equitably among each of the National Teacher Academy subject areas listed in section 591(b)(1).

Part H—Alternative Routes to Teacher and Principal Certification and Licensure

SEC. 596. SHORT TITLE.

This part may be cited as the "Alternative Routes to Teacher and Principal Certification and Licensure Act of 1991".

SEC. 597. FINDINGS.

The Congress finds that—

(1) effective elementary and secondary schools require competent teachers and strong leadership;

(2) school systems would benefit greatly by increasing the pool of qualified individuals from which to recruit teachers and principals;

(3) many talented professionals who have demonstrated a high level of subject area competence outside the education profession may wish to pursue careers in education, but have not fulfilled the requirements to be certified or licensed as teachers or principals;

(4) alternative routes can enable qualified individuals to fulfill State certification or licensure requirements and would allow school systems to utilize the expertise of such professionals and improve the pool of qualified individuals available to local educational agencies as teachers and principals; and

(5) alternative routes to certification or licensure requirements that do not exclude qualified individuals from teaching solely because such individuals do not meet traditional certification or licensure requirements would allow school systems to take advantage of these professionals and improve the supply of well-qualified teachers and principals.

SEC. 598. PURPOSE

It is the purpose of this part to improve the supply of well-qualified elementary and secondary school teachers and principals by encouraging and assisting States to develop and implement programs for alternative routes to teacher and principal certification or licensure requirements. Such programs shall place special emphasis on the participation of individuals who are members of minority groups.

SEC. 599. DEFINITION.

For purposes of this part, the term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and Palau (until the Compact of Free Association with Palau takes effect pursuant to section 101(a), of Public Law 99-658).

SEC. 599A. ALLOTMENTS.

(a) ALLOTMENTS.—

(1) IN GENERAL.—From the amount appropriated to carry out this part, the Secretary shall allot to each State the lesser of either the amount the State applies for under section 599B or an amount that is proportional to the State's share of the total population of children ages five through seventeen in all the States (based on the most recent data available that is satisfactory to the Secretary).

(2) REALLOTMENT.—If a State does not apply for its allotment, or the full amount of its allotment, under the preceding paragraph, the Secretary may reallot the excess funds to one or more other States that demonstrate, to the satisfaction of the Secretary, a current need for the funds.

(b) Special Rule.—Notwithstanding section 412(b) of the General Education Provisions Act, funds awarded under this part shall remain available for obligation by a recipient for a period of two calendar years from the date of the grant.

SEC. 599B. STATE APPLICATIONS.

(a) In General.—Any State desiring to receive an allotment under this part shall, through the State educational agency, submit an application at such time, in such manner, and containing such information, as the Secretary may reasonably require.

(b) Requirements.—Each application shall—

(1) describe the programs, projects, and activities to be undertaken; and

(2) contain such assurances as the Secretary considers necessary, including assurances that—

(A) assistance provided to the State educational agency under this part will be used to supplement, and not to supplant, any State or local funds available for the development and implementation of programs to provide alternative routes to fulfilling teacher and principal certification or licensure requirements;

(B) the State educational agency has, in developing and designing the application, consulted with—

(i) representatives of local educational agencies, including superintendents and school board members (including representatives of such superintendents' and members' professional organizations where applicable);

(ii) elementary and secondary school teachers and principals, including representatives of their professional organizations;

(iii) parents; and

(iv) other interested organizations and individuals; and

(C) the State educational agency will submit to the Secretary, at such time as the Secretary may specify, a final report describing the activities carried out with assistance provided under this part and the results achieved.

(c) GEPA Provisions Inapplicable.—Sections 435 and 436 of the General Education Provisions Act, except to the extent that such sections related to fiscal control and fund accounting procedures, shall not apply to this part.

SEC. 599C. USE OF FUNDS.

(a) Mandatory.—

(1) In general.—A State educational agency shall use assistance provided under this part to support programs, projects, or activities that develop and implement new, or expand and improve existing, programs that provide teacher and principal training to individuals who are moving to a career in education from another occupation through an alternative route to teacher certification or licensure.

(2) Methods of assistance.—A State educational agency may carry out such programs, projects, or activities directly, through contracts, or through grants to local educational agen-

cies, intermediate educational agencies, institutions of higher education, or consortia of such agencies.

(b) Permissive.—Funds received under this part may be used for—

(1) the design, development, implementation, and evaluation of programs that enable qualified professionals who have demonstrated a high level of subject area competence outside the education profession and are interested in entering the education profession to fulfill State certification or licensure requirements;

(2) the establishment of administrative structures necessary for the development and implementation of programs to provide alternative routes to fulfilling State requirements for certification or licensure;

(3) training of staff, including the development of appropriate support programs, such as mentor programs, for teachers and principals entering the school system through alternative routes to teacher and principal certification or licensure;

(4) the development of recruitment strategies;

(5) the development of reciprocity agreements between or among States for the certification or licensure of teachers and principals; and

(6) other appropriate programs, projects, and activities designed to meet the objectives of this part.

SEC. 599D. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for the purpose of carrying out this part $15,000,000 for the fiscal year 1993.

PART I—MIDDLE SCHOOL TEACHING DEMONSTRATION PROGRAMS

SEC. 599E. STATEMENT OF PURPOSE.

It is the purpose of this part to provide financial assistance to institutions of higher education which offer teacher training or retraining programs to develop model programs with a specialized focus on teaching grades 6 through 9.

SEC. 599F. DEFINITIONS.

As used in this part—

(1) The term "developmentally appropriate" means a program that is appropriate for a child's age and all areas of an individual child's development, including educational, physical, emotional, social, cognitive, and communication.

(2) The term "middle school" means a school which enrolls students in at least two of the grades 6, 7, 8, and 9.

SEC. 599G. PROGRAM AUTHORIZED.

(a) In General.—The Secretary is authorized to make grants, on a competitive basis, to institutions of higher education to develop model programs with a specialized focus on teaching grades 6 through 9.

(b) Special Rule.—(1) The Secretary shall ensure an equitable geographic distribution of grants awarded under this part.

(2) The Secretary shall take into consideration equitable levels of funding for urban and rural areas in awarding grants under this part.

(c) GRANT PERIOD.—Grants under this part may be awarded for a period not to exceed 3 years.

(d) FUNDING LIMITATION.—Grants awarded under this part may not exceed $250,000 in the first year of funding.

SEC. 599H. APPLICATION.

(a) IN GENERAL.—Each institution of higher education desiring a grant under this part shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(b) CONTENTS.—Each application submitted pursuant to subsection (a) shall demonstrate that—

(1) the applicant will establish and maintain a program of teacher training or retraining designed to offer specialized preparation for individuals teaching grades 6 through 9;

(2) the application has designed a program of teacher training or retraining which includes—

(A) a study of adolescent development (including cognitive, social, and emotional) with particular emphasis on early adolescent development;

(B) a study of the influence of institutions such as schools, families, and peer groups in the socialization of adolescence;

(C) information concerning the organization of schools for students in grades 6 through 9, with particular emphasis on developmentally appropriate school and classroom organization and practices;

(D) training in at least 2 subject areas and related instructional strategies;

(E) direct experience through internships in middle grade schools under the guidance of teachers who demonstrate exemplary classroom practices;

(F) strategies for the prevention and detection of high risk behavior, particularly drug and alcohol abuse, and for the enhancement of self esteem among adolescents;

(G) a study of effective methods and models of presenting substance abuse information and education to adolescent students; and

(H) methods of encouraging parental and community involvement with middle schools; and

(3) the program will be designed and operated with the active participation of classroom teachers and will include a in-service training component.

SEC. 599I. REPORTS AND INFORMATION DISSEMINATION.

Each institution of higher education receiving a grant under this part shall submit to the Secretary such reports and other information regarding programs conducted under this part as the Secretary deems necessary. The Secretary shall disseminate such information to other institutions of higher education, State educational agencies, and local educational agencies.

SEC. 599J. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out the provisions of this part.

PART J—NATIONAL MIGRANT EDUCATION MINI-CORPS PROGRAM

SEC. 599K. DEMONSTRATION PROGRAM ESTABLISHED.

The Secretary is authorized to conduct a program to—

(1) provide migrant students who are enrolled, or plan to enroll, in an institution of higher education, with advisement, training, and instructional services, to enable such students to be role models for migrant children, and to provide a link with the migrant community;

(2) provide outreach and recruitment services to encourage migrant students who are enrolled in a teacher training program to be role models for migrant children;

(3) provide support and instructional services to migrant students who are enrolled in an institution of higher education, to enable such students to provide direct instructional services to migrant children participating in programs under section 1201 of the Elementary and Secondary Education Act of 1965 during the regular or summer terms, including such services as—

(A) lessons and provision of materials that are designated to meet the academic needs of migrant children in the classroom;

(B) supplemental instruction to reinforce the basic skills and concepts provided by the teacher; and

(C) instruction in other areas, including environmental or health education;

(4) designate college coordinators at participating institutions to train, supervise and assign migrant students in cooperation with the operating State agency in which migrant children with special needs have been identified;

(5) provide academic assistance, home visits, parental involvement, parent-student advisement services, and family advocacy;

(6) provide that the instructional services for migrant children are to be coordinated with the overall education goals of the operating State educational agency; and

(7) provide that migrant students who participate in the program assisted under this subpart for at least 10 but not more than 15 hours per week receive a stipend for such participation.

SEC. 599L. EVALUATION.

The Secretary shall, by January 1, 1996, evaluate the demonstration program assisted under this part and report the results of such evaluation to the appropriate committees of the Congress.

SEC. 599M. AUTHORIZATION OF APPROPRIATIONS

There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this part.

PART K—FOREIGN LANGUAGE INSTRUCTION

Subpart 1—Demonstration Grants for Critical Language and Area Studies

SEC. 599N. DEMONSTRATION GRANTS FOR CRITICAL LANGUAGE AND AREA STUDIES.

(a) PROGRAM AUTHORITY.—The Secretary is authorized to make demonstration grants to eligible consortia to enable such eligible consortia to—

(1) operate critical language and area studies programs;

(2) develop and acquire educational equipment and materials; and

(3) develop teacher training programs, texts, curriculum, and other activities designed to improve and expand the instruction of foreign languages at elementary and secondary schools across the Nation.

(b) GRANT LIMITATION.—The Secretary shall not award a grant which exceeds $2,000,000 to an eligible consortium under this section in any fiscal year, but shall award grants of sufficient size, scope and quality for a program of comprehensive instruction of foreign languages.

(c) SPECIAL RULES.—

(1) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to eligible consortia with demonstrated, proven effectiveness in the field of critical language and area studies and which have been in existence for 1 year prior to applying for a grant under this section.

(2) EQUITABLE DISTRIBUTION.—In awarding grants under this section, the Secretary shall take into consideration providing an equitable geographic distribution of such grants among the regions of the United States.

(3) PROGRAM REQUIREMENT.—Each eligible consortium receiving a grant under this section shall include in the activities assisted pursuant to such grant, a study abroad or cultural exchange program.

(d) ELIGIBLE CONSORTIUM.—

(1) IN GENERAL.—For the purposes of this section, the term "eligible consortium" means a cooperative effort between entities in one or more States that must include at least 4 schools, of which—

(A) one shall be an institution of higher education;

(B) one shall be a secondary school with experience in teaching critical languages;

(C) one shall be a secondary school with experience in teaching critical languages and in which at least 25 percent of the students are eligible to be counted under chapter 1 of Title I of the Elementary and Secondary Education Act of 1965; and

(D) one shall be a secondary school in which at least 25 percent of the students are eligible to be counted under chapter 1 of title I of the Elementary and Secondary Education Act of 1965.

(2) Nonprofit organizations.—Each eligible consortium described in paragraph (1) may include a nonprofit organization to provide services not otherwise available from the entities described in paragraph (1).

(e) Administration.—Each eligible consortium receiving a grant under this section may use not more than 10 percent of such grant for administrative expenses.

(f) Application.—

(1) In general.—Except as provided in paragraph (2), each eligible consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

(2) Special rule.—The State educational agency or State higher education agency responsible for the supervision of any one school participating in an eligible consortium may submit the application described in paragraph (1) on behalf of such eligible consortium.

(g) Definitions.—For purposes of this section the term 'critical language' means each of the languages contained in the list of critical foreign languages designated by the Secretary pursuant to section 212(d) of the Education for Economic Security Act (50 Federal Register 149, 31413).

Subpart 2—Development of Foreign Language and Culture Instructional Materials

SEC. 599P. DEVELOPMENT OF FOREIGN LANGUAGE AND CULTURE INSTRUCTIONAL MATERIALS.

(a) Grants Authorized.—The Secretary of Education is authorized to provide grants on a competitive basis to qualified State and local educational agencies, institutions of higher education, private nonprofit foreign language organizations, nonprofit education associations, or a consortium thereof, to enable such entity or entities to act as a resource center for—

(1) coordinating the development of and disseminating foreign language and culture instructional material, including children's literature in foreign languages, videotapes, and computer software, and teacher's instructional kits relating to international study; and

(2) encouraging the expanded use of technology in teaching foreign languages and culture at the elementary school level and, when the needs of elementary schools have been met, at the secondary school level, with a particular emphasis on expanding the use of technology in teaching foreign languages and culture at elementary and secondary schools that have proportionally fewer resources available for teaching foreign languages and cultures, including urban and rural areas.

(b) Coordination.—In developing materials and technologies under this section, the Secretary shall, where appropriate, make use of materials and technologies developed under the Star Schools Assistance Program Act.

Subpart 3—Authorization of Appropriations

SEC. 599Q. AUTHORIZATION OF APPROPRIATIONS.

(a) CRITICAL LANGUAGE AND AREA STUDIES.—There are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out the provisions of subpart 1.

(b) FOREIGN LANGUAGE AND CULTURE INSTRUCTIONAL MATERIALS.—There are authorized to be appropriated $4,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out the provisions of subpart 2.

PART L—EARLY CHILDHOOD TEACHER STAFF AND PROFESSIONAL ENHANCEMENT

SEC. 599R. SHORT TITLE.

This part may be cited as the "Early Childhood Staff Training and Professional Enhancement Grants Act".

SEC. 599S. FINDINGS.

The Congress finds that—

(1) 10,000,000 preschool children spend all or part of the day in out-of-home care;

(2) specialized preparation of individuals who care for young children is a predictor of the ability to provide high quality experiences for such children;

(3) due to projected increases of children in out-of-home care in the future, it is necessary to expand and improve the training and career growth of individuals who care for and educate young children;

(4) the present delivery system of child care education and training is disjointed;

(5) funding for such training is fragmented, sporadic, and distinguishes in-service training from degree or certificate programs; and

(6) in order to expand and enhance the career development of individuals who care and educate young children, such individuals must have training options that promote career growth.

SEC. 599T. PURPOSE.

It is the purpose of this part to—

(1) promote the national education goal that all children in America start school ready to learn, by ensuring the existence of sufficient numbers of well-trained early childhood development and care staff;

(2) provided professional preparation and continued career training for early childhood development and care staff who work with children from birth through preschool, with an emphasis on infants and toddlers and children with special needs; and

(3) create and implement effective, coordinated models of early childhood professional preparation and in-service training so that such preparation and training corresponds with a career ladder, based on a progression of staff roles, in the field of early childhood development and care.

SEC. 599U. GRANTS AUTHORIZED.

(a) In General.—The Secretary is authorized to award grants to States in accordance with the provisions of this part to enable such States to pay the costs of the activities described in the plan submitted pursuant to section 599X.

(b) Competitive Basis.—Grants under this part shall be awarded on a competitive basis.

(c) Duration.—Grants under this part shall be awarded for a period of 5 years.

SEC. 599V. LEAD AGENCY.

(a) Designation.—The chief executive officer of a State, in consultation with the State educational agency, desiring to receive a grant under this part shall designate an appropriate State agency, to act as the lead agency.

(b) Duties.—The lead agency shall—

(1) administer, directly or through other State agencies, the financial assistance received under this part by the State;

(2) choose the members of the Advisory Committee that will develop the State plan to be submitted to the Secretary under section 599X;

(3) in conjunction with the development of the State plan as required under paragraph (2), hold at least one hearing in the State to provide to the public an opportunity to comment on the provision of training and professional development described in the State plan; and

(4) coordinate the provision of services under this part with other appropriate Federal, State and local programs.

SEC. 599W. ADVISORY COMMITTEE.

(a) Advisory Committee.—

(1) In General.—In order to receive a grant under this part a State shall establish, through the lead agency described in section 599V, an Advisory Committee to develop the State plan described in section 599X.

(2) Appointment.—In order to receive a grant under this part the lead agency shall appoint the members of the Advisory Committee in accordance with subsection (b).

(b) Composition.—To the extent such entities exist within a State, each Advisory Committee established pursuant to subsection (a) shall consist of a representative of the following agencies, institutions, organizations, divisions, programs or departments of the State:

(1) The lead State agency responsible for administering funds received under the Child Care Development and Block Grant Act.

(2) Institutions of higher education, including community colleges and 2-year colleges.

(3) An organization representing child care providers, including center-based care and family day care.

(4) An early childhood division of a State educational agency, and the State early childhood teacher certification agency, if such entities are different.

(5) A child care licensing or regulating agency.

(6) A local child care resource and referral agency.

(7) A State Head Start association.

(8) An organization with significant experience in training in the fields of early childhood development, early care and early education.

(9) An organization representing parents of young children.

(10) A State-funded preschool program.

(11) A State employment and job training agency.

(12) A State department of community development.

SEC. 599X. STATE PLAN.

(a) In General.—Each State desiring a grant under this part shall submit, through the lead agency, a plan to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require. The Secretary shall consult with the Secretary of Health and Human Services regarding the contents of such plan.

(b) Contents.—Each plan submitted pursuant to subsection (a) shall—

(1) identify the lead agency as described in section 599V;

(2) assess the training offerings and content of such offerings, amount of training required for an early childhood development staff license or certificate, compensation, recruitment and turnover of staff, and any coordination of training offerings and professional growth of early childhood development staff in the State;

(3) describe the goals of the activities assisted under this part; and

(4) describe how the State shall—

(A) identify and maintain a career development path, based on a progression of roles for early childhood development staff, with each role articulated with training and different levels of responsibility and compensation, in such manner as will permit an individual to qualify for a more responsible role;

(B) identify the core content for each staff role and assure that workshops, courses, seminars, and appropriate certificate and degree programs are available for each such staff role and career advancement;

(C) ensure that trainers of early childhood development staff in the State are qualified;

(D) describe the ways in which the State will coordinate training programs among institutions of higher education, including transfer of credits, and assure that in-service training offered in the State carries course credit accepted by an institution of higher education, community college or 2-year college in the State toward a certificate or degree program;

(E) set forth the ways in which the State will pay the costs of any assessment, credentialing, certification, licensing, training offering, training inventory, increase in staff participation in training, or other services assisted by a grant under this part;

(F) describe the ways in which the State plans to coordinate the various State and local agencies and organizations

to maximize coordination of standards and requirements for certifications, licenses, and accreditations, including Head Start agencies, the State agency responsible for administering funds under the Child Development Associate Scholarship Act of 1985, the State agency responsible for administering funds received under the Child Care Development and Block Grant Act, and the State agency responsible for early childhood education and preschool programs;

(G) describe the ways in which the State will compile and disseminate information on—

(i) training offerings;

(ii) requirements for admission into courses and programs;

(iii) requirements for a license, certificate, credential, or degree to which such offerings may be applied;

(iv) funding sources available for such activities; and

(v) the cost of training offerings; and

(H) describe the ways in which the State will use the funds received under this part and any other funds available to the State to carry our the activities described in the State plan.

SEC. 599Y. EVALUATION AND REPORT

(a) EVALUATION.—The Secretary, through grants, contracts or cooperative agreements, shall provide for continuing evaluation of activities assisted under this part to determine the effectiveness of such activities in achieving stated goals, and the impact of such activities on developing and coordinating training options and in developing and implementing a career ladder articulated with training.

(b) LOCAL EVALUATIONS.—Each State receiving a grant under this part shall evaluate the activities assisted under this part to determine the effectiveness of such activities in achieving State goals, the impact of such activities on the establishment of a career ladder for early childhood development, the impact of such activities on families served if feasible, and the impact of such activities on licensing or regulating requirements for individuals in the field of early childhood development. An interim evaluation shall be submitted to the Secretary not later than January 1, 1995, and a final report shall not be submitted later than January 1, 1997.

(c) INFORMATION.—Each State receiving a grant under this part shall prepare and submit to the Secretary such information as the Secretary shall request in order to carry out the evaluation described in subsection (a).

(d) REPORT.—No later than September 1997, the Secretary, in consultation with the Secretary of Health and Human Services, shall prepare and submit to the appropriate committees of Congress, each State agency responsible for administering funds received under the Child Care Development Block Grant Act, and each State educational agency, a report assessing the evaluations conducted pursuant to subsections (a) and (b), including an examination of the strengths and weaknesses of the design and operation of the activities assisted under this part and the effectiveness of such activities in achieving stated goals.

SEC. 599Z. AUTHORIZATION.

There are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years.

TITLE VI—INTERNATIONAL EDUCATION PROGRAMS

Part A—International and Foreign Language Studies

FINDINGS AND PURPOSES

Sec. 601.(a) * * *

* * * * * * *

(b) It is the purpose of this part to assist in the development of knowledge, international study, resources and trained personnel, to stimulate the attainment of foreign language acquisition and fluency *to develop a pool of international experts to meet national needs*, and to coordinate the programs of the Federal Government in the areas of foreign language and international studies and research.

GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS

Sec. 602.(a)(1) The Secretary is authorized—

(A) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating comprehensive language and area centers and programs; and

(B) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating *a diverse network of* undergraduate language and area centers and programs,

which will be national resources for teaching of any modern foreign language, for instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used, for research and training in international studies, and the international and foreign language aspects of professional and other fields of study, and for instruction and research on issues in world affairs which concern one or more countries.

(2) Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of faculty, staff, and student travel in foreign areas, regions, or countries, the cost of teaching and research materials, the cost of curriculum planning and development, the cost of bringing visiting scholars and faculty to the center to teach or to conduct research, *the cost of establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the educational objectives of this section for the purpose of contributing to the teaching and research of the center or program*, and the cost of training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out the objectives of this section.

(3) The Secretary may make grants to centers described in paragraph (1)(A) having important library collections for the maintenance of such collections.

(4) The Secretary may make additional grants to centers described in paragraph (1)(A) for—

(A) programs of linkage or outreach between foreign language, area studies, and other international fields and professional schools and colleges;

(B) programs of linkage or outreach with two- and four-year colleges and universities;

(C) programs of linkage or outreach with departments or agencies of State and Federal governments;

(D) programs of linkage or outreach with the news media, business, professional, or trade associations; and

(E) summer institutes in foreign area and other international fields designed to carry out the programs of linkage and outreach described in subparagraphs (A), (B), (C) and (D) of this paragraph.

(b)(1)(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary under this part.

[(B) Stipend recipients shall be individuals who are engaged in a program of competency-based language training, or in a program developing competency-based language training, in combination with area studies, international studies, or the international aspects of a professional studies program.**]**

(B) Students receiving stipends described in subparagraph (A) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program.

* * * * * * *

[(2)(A) The Secretary is also authorized to award, on the basis of a national competition, stipends to students beginning their third year of graduate training.

[(B) Stipend recipients shall be selected by a nationally recognized panel of scholars on the basis of exceptional performance (on a nationally referenced test, if available) in the specialty language and evidence of substantial multidisciplinary area training.

[(C) Stipends may be held for up to a maximum 4 years contingent on periodic demonstration of a high level of language proficiency.

[(D) Stipends may be used for continuation of studies at the institution where the recipient is currently enrolled and for the conduct of research and advanced language study abroad.**]**

(2)(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions to enable such institutions or combinations of such institutions to pay stipends to students beginning with such students' third year of graduate training in any center or program approved by the Secretary under this part.

(B) Students receiving stipends described in subparagraph (A) shall be individuals engaged in completing advanced degree require-

ments in foreign language, foreign area studies, or other international fields.

(C) Stipends described in subparagraph (A) shall be used to complete degree requirements, such as predissertation level studies, preparation for dissertation research (including the study of less commonly taught languages), dissertation research abroad, and dissertation writing.

(D) Students may receive stipends described in subparagraph (A) for a maximum of 4 years if such students make satisfactory progress towards completion of a degree program.

* * * * * * *

LANGUAGE RESOURCE CENTERS

SEC. 603. (a) The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing, strengthening, and [operating language training centers], *operating language training centers* which shall serve as resources to improve the capacity to teach and learn foreign languages effectively. Activities carried out by such centers may include—

(1) the conduct of research on new and improved teaching methods, including the use of advanced educational technology;

(2) the development of new teaching materials reflecting the use of such research in effective teaching strategies;

(3) the development and application of [proficiency testing] *performance testing* appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages;

(4) the training of teachers in the administration and interpretation of [proficiency tests] *performance tests*, the use of effective teaching strategies, and the use of new technologies;

(5) the publication of instructional materials in the less commonly taught languages; and

(6) the widespread dissemination of research results, teaching materials, and improved pedagogical strategies to others within the postsecondary education community.

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UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS

SEC. 604. (a) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to assist them in planning, developing, and carrying out a program to [strengthen and] improve undergraduate instruction in international studies and foreign languages. *Such grants shall be awarded to institutions of higher education or combinations of such institutions seeking to create programs or curricula in area studies, foreign languages, and other international fields.* Grants made under this section [may be for projects] *may be used to pay not more than 50* *percent of the costs of projects* and activities which are an integral part of such a program, such as—

* * * * * * *

[(6) programs designed to integrate undergraduate education with terminal Masters Degree programs having an international emphasis; and]

(6) international education programs designed to develop or enhance linkages between two- and four-year institutions of higher education, or baccalaureate and postbaccalaureate programs or institutions; and

* * * * * * *

[(b)(1) The Secretary is also authorized to make grants to institutions of higher education whose applications are approved under subsection (a) for the purpose of providing assistance to model programs designed to improve and expand foreign language studies at those institutions. Any institution of higher education desiring to receive a grant under this subsection shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

[(2)(A) An institution of higher education shall not be eligible for a grant under this subsection for a fiscal year unless—

[(i) the sum of the number of students enrolled at such institution in qualified postsecondary language courses on October 1 of that fiscal year exceeds 5 percent of the total number of students enrolled at such institution; and

[(ii) such institution requires that each entering student have successfully completed at least 2 years of secondary school foreign language instruction or requires that each graduating student have earned 2 years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in a foreign language).

[(B) For the purpose of subparagraph (A)(i), the total number of students enrolled in an institution shall be considered to be equal to the sum of (i) the number of full-time degree candidate students enrolled at the institution, and (ii) the number of part-time degree candidate students who are enrolled at the institution for an academic workload which is at least half the full-time academic workload, as determined by the institution in accordance with standards prescribed by the Secretary.

[(3) As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs assisted with funds under this subsection and require an annual report which evaluates the progress and proficiency of students in such programs.]

(b) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Secretary is authorized to make grants to institutions of higher eduation or combinations of such institutions to enable such institutions or combinations of such institutions to—

(A) strengthen programs of demonstrated excellence in area studies, foreign languages, and other international

fields in order to ensure the self-sustaining maintenance and growth of such programs; and

(B) enhance the capacity-building and dissemination functions of such programs.

(2) Use of Grant Funds.—Grants awarded under this subsection may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of the programs described in paragraph (1), such as—

(A) teaching, research, curriculum development, and other related activities;

(B) strengthening undergraduate majors and minors directly related to the generation of international expertise;

(C) developing new foreign language courses, especially in languages previously not taught at such institution or combination of such institutions, and improving the quality of existing foreign language programs;

(D) expending library and teaching resources;

(E) establishing linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this subsection;

(F) developing programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;

(G) disseminating curricula materials and program designs to other educational institutions;

(H) integrating on-campus undergraduate curriculum with study abroad and exchange programs;

(I) training faculty and staff in area studies, foreign languages, and other international fields; and

(J) conducting summer institutes in foreign area and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international studies, and to provide foreign area and other international knowledge or skills to government personnel or private sector professionals in international activities.

(3) Additional Grants.—

(A) In General.—The Secretary is authorized to make grants to institutions of higher education, combinations of such institutions, or nonprofit educational organizations in partnership with such institutions to expand and strengthen overseas educational opportunities for United States students.

(B) Uses.—The grants made under subparagraph (A) may be used to pay not more than 50 percent of the cost of—

(i) developing study or internship abroad programs in locations in which such opportunities are not otherwise available or study or internship programs which serve students for which such opportunities are not otherwise available; and

(ii) developing model programs to enrich or enhance the effectiveness of study abroad programs, including predeparture and post return orientation programs, integration of study abroad into the curriculum of the

home institution, credit transfer, improved faculty involvement, cross-disciplinary programs, student selection and advising services, and academic advising.

(4) Criteria.—The Secretary may establish criteria for evaluating programs assisted under this subsection and may require an annual report which evaluates the progress and performance of students in such program as a condition for the award of any grant under this subsection.

* * * * * * *

(d) Non-Federal Share.—The non-Federal share of the costs of programs assisted under this section may be provided in cash or with in-kind assistance. Such assistance may be composed of institutional and noninstitutional funds, including State and private contributions.

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RESEARCH; STUDIES; ANNUAL REPORT

Sec. 606. (a) The Secretary may, directly or through grants or contracts, conduct research and studies which contribute to the purposes of this part. Such research and studies may include but are not limited to—

[(1) studies and surveys to determine the need for increased or improved instruction in modern foreign languages and in other fields needed to provide a full understanding of the places in which such languages are commonly used;

[(2) research on more effective methods of providing instruction and evaluating competency in such foreign languages and other fields;

[(3) the application of proficiency tests and standards across all areas of foreign language instruction and classroom use; and

[(4) the development and publication of specialized materials for use in providing such instruction and evaluation or for use in training individuals to provide such instruction and evaluation.]

(1) studies and surveys to determine needs for increased or improved instruction in foreign language, area studies, or other international fields, including the demand for foreign language, area and other international specialists in government, education, and the private sector;

(2) studies and surveys to assess the utilization of graduates of programs supported under this title by governmental, educational, and private sector organizations and other studies assessing the outcomes and effectiveness of programs so supported;

(3) comparative studies of the effectiveness of strategies to provide international capabilities at institutions of higher education;

(4) research on more effective methods of providing instruction and achieving competency in foreign languages;

(5) the development and publication of specialized materials for use in foreign language, area studies, and other internation-

al fields, or for training foreign language, area, and other international specialists; and

(6) the application of performance tests and standards across all areas of foreign language instruction and classroom use.

(b) The Secretary shall prepare [and publish], *publish and announce* an annual report listing the books and research materials produced with assistance under this title.

PERIODICALS *AND OTHER RESEARCH MATERIALS* PUBLISHED OUTSIDE THE UNITED STATES

SEC. 607. (a) [In addition to the amount authorized to be appropriated by section 609, there are authorized to be appropriated $1,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years to provide assistance] *The Secretary is authorized to make grants* for the acquisition of, and provision of access to, periodicals *and research materials* published outside the United States.

(b) From the amount appropriated under [subsection (a)] *section 610A* for any fiscal year, the Secretary shall make grants to institutions of higher education or public or nonprofit private library institutions or consortia of such institutions for the following purposes:

(1) to acquire periodicals *and other research materials* published outside the United States which are not commonly held by American academic libraries and which are of scholarly or research importance;

[(2) to maintain current bibliographic information on periodicals thus acquired in machine-readable form and to enter such information into one or more of the widely available bibliographic data bases;]

(2) to maintain in machine-readable form current bibliographic information on periodicals and other research materials thus acquired, and to enter such information into one or more of the widely available bibliographic data bases;

(3) to preserve such periodicals *and other research materials*; and

[(4) to make such periodicals available to researchers and scholars.]

(4) to make such periodicals and other research materials widely available to researchers and scholars;

* * * * * * *

EQUITABLE DISTRIBUTION OF FUNDS

SEC. 609. (a)*(1)* The Secretary shall make excellence the criterion for selection of grants awarded under section 602.

(b) To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 602) in such manner as will achieve an equitable distribution of funds throughout the Nation.

(2) The Secretary shall award grants under this part in such manner as to ensure that an appropriate portion of funds under this part as determined by the Secretary are used to support undergraduate education.

SEC. 610. AMERICAN OVERSEAS RESEARCH CENTERS.

(a) Centers Authorized.—The Secretary is authorized to make grants to and enter into contracts with any American Overseas Research Center (which is a consortium of institutions of higher education) (hereafter in this section referred to as a 'Center') to enable a Center to promote postgraduate research, exchanges and area studies.

(b) Use of Grants.—Grants and contracts made pursuant to this section may be used to pay all or a portion of the cost of establishing or operating a Center or program, including the cost of faculty and staff stipends and salaries, faculty, staff and student travel, the operation and maintenance of overseas facilities, the cost of teaching and research materials, the cost of acquisition, maintenance and preservation of library collections, the cost of bringing visiting scholars and faculty to a Center to teach or to conduct research, the cost of organizing and managing conferences and the cost of publication and dissemination of material for the scholarly and general public.

(c) Limitation.—Grants and contracts awarded pursuant to this section shall be awarded only to Centers which are fully accredited members of the Council of American Overseas Research Centers, Smithsonian Institution.

AUTHORIZATION OF APPROPRIATIONS

Sec. 610*A*. There are authorized to be appropriated to carry out this part [$49,000,000] *$60,000,000* for fiscal year [1987] *1993*, and such sums as may be necessary for the [4 succeeding] *6 succeeding* fiscal years.

* * * * * * *

CENTERS FOR INTERNATIONAL BUSINESS EDUCATION

Sec. 612. (a) * * *

* * * * * * *

(c)(1) Programs and activities to be conducted by centers assisted under this section shall include—

(A) * * *

* * * * * * *

(C) evening or summer programs, [including, but not limited to,] *such as* intensive language programs, available to members of the business community and other professionals which are designed to develop or enhance their international skills, awareness, and expertise;

* * * * * * *

(2) Programs and activities to be conducted by centers assisted under this section may include—

(A) the establishment of overseas internship programs for students and faculty designed to provide training and experience in international business activities, except that no Federal funds provided under this section may be used to pay wages or stipends to any participant who is engaged in compensated employment as part of an internship program; [and]

(B) other eligible activities prescribed by the Secretary[.]*;*

(C) the establishment of linkages overseas with institutions of higher education and other organizations that contribute to the educational objectives of this section; and

(D) summer institutes in international business, foreign area and other international studies designed to carry out the purposes of paragraph (1) of this subsection.

* * * * * * *

EDUCATION AND TRAINING PROGRAMS

SEC. 613. (a) * * *

* * * * * * *

(b) Eligible activities to be conducted by institutions of higher education under this section shall include, but are not limited to—

(1) * * *

* * * * * * *

(9) development of research programs on issues of common interest to institutions of higher education and private sector organizations and associations engaged in or promoting international economic activity; **[**and**]**

(10) the establishment of internships overseas to enable foreign language students to develop their foreign language skills and knowledge of foreign cultures and societies**[**.**]***;*

(11) the establishment of linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this section; and

(12) summer institutes in international business, foreign area and other international studies designed to carry out the purposes of this section.

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 614. (a) There are authorized to be appropriated **[**$7,500,000**]** *$10,000,000* for the fiscal year **[**1988**]** *1993* and for each of the **[**4 succeeding**]** *6 succeeding* fiscal years to carry out the provisions of section 612.

(b) There are authorized to be appropriated **[**$5,000,000**]** *$5,000,000* for fiscal year **[**1987**]** *1993*, and such sums as may be necessary for the **[**4 succeeding**]** *6 succeeding* fiscal years, to carry out the provisions of section 613.

Part C—Minority Foreign Service Professional Development Program

SEC. 621. MINORITY FOREIGN SERVICE PROFESSIONAL DEVELOPMENT PROGRAM.

(a) PROGRAM AUTHORIZED.—

(1) GRANTS.—The Secretary is authorized to award grants to institutions of higher education, or consortia thereof, with a significant minority student enrollment and a demonstrated commitment to preparing students from underrepresented populations in the foreign service of the United States for entrance

into such foreign service, to enable such institutions or consortia to carry out the activities described in section 622.

(2) Competitive Basis.—Grants made pursuant to paragraph (1) shall be awarded on a competitive basis.

(3) Duration.—Grants made pursuant to paragraph (1) shall be awarded for a period not to exceed 5 years.

SEC. 622. AUTHORIZED ACTIVITIES.

(a) In General.—An institution of higher education or consortium thereof shall use grant funds received under this part for activities that prepare students from underrepresented populations in the foreign service of the United States for entrance into such service. Such activities shall include—

(1) junior year abroad study;
(2) fellowships for graduate study;
(3) internships;
(4) intensive academic programs such as summer institutes; or
(5) intensive language training.

SEC. 623. APPLICATION.

Each institution of higher education or consortium thereof desiring a grant under this part shall submit an application at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

SEC. 624. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this part.

Part D—Fulbright-Hays Educational and Cultural Exchanges

SEC. 631. FULBRIGHT-HAYS EDUCATIONAL AND CULTURAL EXCHANGES

(a) Program Authorized.—The President is authorized to provide for promoting modern foreign language training and area studies in United States schools, colleges, and universitites by supporting visits and study in foreign countries by teachers and prospective teachers or other persons who have demonstrable need for an international dimension in their education in such schools, colleges, and universities for the purpose of improving their skill in languages and their knowledge of the culture of the people of those countries, and by financing visits by teachers from those countries to the United States for the purpose of participating in foreign language training and area studies in United States schools, colleges, and universities, and promoting advanced research, exchanges, and area studies overseas by consortia of institutions of higher education.

(b) Coordination.—The activities carried out under this part shall be coordinated with the jurisdiction and activities of the J. William Fulbright Foreign Scholarship Board, the Fulbright Commissions, the United States embassies, and any other foreign educational or cultural exchange activities carried out under the Mutual Educational and Cultural Exchange Act.

(c) Transfer.—Any personnal, liabilities, contracts, real property, personal property, assets, and records, employed, held, or used primarily in connection with a function carried out pursuant to section 102(b)(6) of the Mutual Educational and Cultural Exchange Act not

located at the Department of Education on the date of enactment of the Higher Education Act Amendments of 1991, shall be transferred to the Secretary. Any personnal so transferred shall be transferred without reduction in classification or compensation for one year after the transfer.

(d) Special Rule.— All laws and regulations relating to section 102(b)(6) of the Mutual Educational and Cultural Exchange Act, insofar as such laws and regulations are appropriate and not inconsistent with the provisions of this part, remain in full force and effect and apply with respect to this part. All references in any other Federal law to section 102(b)(6) of the Mutual Educational and Cultural Exchange Act shall be deemed to refer to this part.

(e) Funding.—Any funds appropriated to carry out section 102(b)(6) of the Mutual Educational and Cultural Exchange Act for fiscal year 1991 that are not expended or obligated on the date of enactment of the Higher Education Act Amendments of 1991 shall be paid to the Secretary within 10 days of such date. The Secretary shall be responsible for all obligations incurred under such section after such date.

PART [C] *E*—GENERAL PROVISIONS

DEFINITIONS

SEC. [622] *641.* (a) As used in this title—

(1) * * *

* * * * * * *

(c) All references to institutions of higher education, unless the context otherwise requires, mean institutions of higher education which are licensed and accredited in the United States, and shall include United States institutions of higher education operating abroad that are licensed and accredited in the United States and which directly contribute to the international education of United States students and faculty in the areas of foreign language or area studies.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

PURPOSES

SEC. 701. (a) * * *

* * * * * * *

APPROPRIATIONS AUTHORIZED

[SEC. 702 (a) PARTS A AND B.—There are authorized to be appropriated—

[(1) $15,000,000 for part A for fiscal year 1987,

[(2) $10,000,000 for part B for such fiscal year, and

[(3) such sums as may be necessary for parts A and B for each of the 4 succeeding fiscal years,

except that no funds may be appropriated for parts A and B for any such fiscal year unless at least $20,000,000 is appropriated for part E of this tile for such fiscal year, or for a preceding fiscal year.

[(b) Other Programs.—There are authorized to be appropriated—

[(1) $25,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years for part C;

[(2) $25,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years for part D; and

[(3) $20,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years for part E.]

SEC. 702. PRIOR RIGHTS AND OBLIGATIONS.

(a) Authorization of Appropriations.—There are authorized to be appropriated such sums as may be necessary for fiscal year 1993 and for each of the 6 succeeding fiscal years to pay obligations incurred prior to 1987 under parts C and D of this title, as such parts were in effect before the effective date of the Higher Education Act Amendments of 1991.

(b) Legal Responsibilities.—All entities with continuing obligations incurred under parts A, B, C, and D of this title, as such parts were in effect before the effective date of the Higher Education Act Amendments of 1991, shall be subject to the requirements of such part as in effect before the effective date of the Higher Education Act Amendments of 1991.

[Part A—Grants for the Construction, Reconstruction, and Renovation of Undergraduate Academic Facilities

[STATE PLAN

[Sec. 711. (a) Submission and Contents of Plan.—Any State desiring to participate in the grant program authorized by this part shall have an agreement pursuant to section 1203 and submit annually to the Secretary, through the State agency designated in such agreement, a State plan which shall—

[(1) provide that the plan shall be administered by the State entity having an agreement under section 1203;

[(2) set forth objective standards and methods which are consistent with basic criteria established under section 712, for—

[(A) determining the relative priorities of eligible projects submitted by institutions of higher education within the State, and

[(B) certifying the Federal share of the cost of each project;

[(3) provide for every applicant an opportunity for a hearing before the State agency regarding the priority assigned to such project, or any other decision by the State agency adversely affecting such applicant; and

[(4) provide for accounting procedures necessary to assure proper disbursement of Federal funds.

[(b) Hearing Required Before Disapproval.—The Secretary shall not disapprove any State plan, or modification thereof, without first affording the State agency reasonable notice and opportunity for a hearing.

[(c) Suspension for Noncompliance.—Whenever the Secretary finds that the State plan substantially fails to comply with this section, the Secretary shall notify the State that it is ineligible to participate in the program under this part until a determination is made that there is no longer a failure to comply.

[BASIC CRITERIA

[Sec. 712. (a) Secretary To Prescribe Criteria.—The Secretary shall, by regulation, prescribe basic criteria for the consideration of State plans which ensure—

[(1) flexibility for States to accommodate the varied needs of institutions in the States;

[(2) consideration of the degree to which applicant institutions are effectively using existing facilities; and

[(3) that the Federal share shall not exceed 50 percent of the development cost of a project.

[(b) Rulemaking Procedures Required.—Section 553 of title 5, United States Code, shall apply to the prescription of regulations under this section.

[ALLOTMENT OF FUNDS

[Sec. 713. (a) Use for Public Community Colleges and Technical Institutes; Others.—From the sums appropriated pursuant to section 702 to carry out the purposes of this part, not less than 24 percent shall be allotted to States under subsection (b) for public community colleges and public technical institutes. The remainder of such sums shall be allotted to States under subsection (c) for all other institutions of higher education.

[(b) Allotment for Public Community Colleges and Technical Institutes.—(1) for the purpose of making grants to public community colleges and public technical institutes, the Secretary shall allot to each State an amount which bears the same ratio to the amount available for allotment under this subsection as the product of—

[(A) the number of persons in the State who have graduated from high school or received an equivalent certificate during the previous school year, and

[(B) the State's allotment ratio, bears to the sum of the corresponding products for all the States.

[(2)(A) Except as provided in subparagraph (B), the allotment ratio shall be 1.00 less the product of—

[(i) 0.50, and

[(ii) the quotient obtained by dividing the income per person for the State by the income per person for all States (not including Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and Guam).

[(B) Notwithstanding subparagraph (A)—

[(i) the allotment ratio shall in no case be less than 0.33⅓ or more than 0.66⅔;

[(ii) the allotment ratio for Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and Guam shall be 0.66⅔; and

[(iii) the allotment ratio of any State shall be 0.50 for any fiscal year if the Secretary finds that the cost of school construction in such State exceeds twice the median of such costs in all the States as determined by the Secretary on the basis of statistics and data as the Secretary shall deem adequate and appropriate.

[(C) Allotment ratios shall be promulgated annually by the Secretary on the basis of the average personal income in the State and in all the States for the three most recent consecutive calendar years for which data are available from the Department of Commerce.

[(c) Allotment for Other Institutions.—For the purpose of making grants to all other institutions of higher education, the Secretary shall allot to each State—

[(1) an amount which bears the same ratio to 50 percent of the amount available for allotment under this subsection as the number of students enrolled in institutions of higher education in such State bears to the number of students so enrolled in all States; and

[(2) an amount which bears the same ratio to 50 percent of the amount available for allotment under this subsection as the number of students enrolled in grades 9 through 12 of schools in such State bears to the total number of students so enrolled in all the States.

[(d) Aggregate Limits and Ratable Reductions.—The aggregate amount allotted to any State under subsections (b) and (c) for any fiscal year shall not be less than $100,000. If the sums appropriated pursuant to section 702 are not sufficient to make payments to each State, then the amount of each State's allotment shall be ratably reduced.

[(e) Reallocation.—(1) Any portion of a State's allotment under subsections (b) and (c) for any fiscal year for which applications from qualified institutions have not been received by the State agency prior to January 1 of such fiscal year shall, by request, be available for payment of the Federal share of cost of other approved projects.

[(2) Amounts allotted under this section for any fiscal year which are not used by the close of the fiscal year shall be reallotted by the Secretary among the States which are able to use the funds without delay during the next fiscal year.

[(f) Use for Construction, Reconstruction, Renovation.—Funds available under this part may be used for construction, reconstruction, or renovation of undergraduate facilities and combined graduate and undergraduate facilities.

[(g) Use for Maintenance.—In addition, an amount less than or equal to 10 percent of that portion of an award granted under this part which is allotted by the recipient to meet costs of—

[(1) research or instructional instrumentation and equipment, and

[(2) equipment and structural changes necessary to ensure the proper functioning of such research or instructional instrumentation and equipment,

may be allocated by the recipient for maintenance of equipment and changes described in paragraphs (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within three years of the date of initial use, if the recipient deems such upgrading essential to the continued utility (usefulness) of such research or instructional instrumentation and equipment.

[PART B—GRANTS FOR CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF GRADUATE ACADEMIC FACILITIES

[GRANTS

[SEC. 721. (a) GRANT TO INSTITUTIONS; STATE LIMITATION.—(1) Funds available for this part shall be used by the Secretary to make grants to graduate institutions of higher education whose applications for assistance are consistent with the objectives of this title.

[(2) The total payment for any fiscal year made to institutions of higher education in any State shall not exceed 12.5 percent of sums appropriated for this part.

[(b) PEER REVIEW REQUIRED.—In making grants under this section, the Secretary shall utilize a national peer review panel. The National Peer Review Panel shall be broadly representative of all types and classes of institutions of higher education in the United States. Such panel shall make recommendations to the Secretary based on their assessment of—

[(1) the effectiveness of the program in the proposed use of Federal assistance; and

[(2) the extent to which the receipt of the grant will assist the institution in overcoming deficiencies in existing equipment and facilities.

[(c) COST LIMITATIONS.—The amount of the grant shall not exceed 50 percent of the development cost of the project. No funds or resources provided through Federal programs shall be used to meet the institution's share of the program supported under this section.

[(d) USE FOR MAINTENANCE.—An amount less than or equal to 10 percent of that portion of an award granted under this part which is allotted by the recipient to meet costs of—

[(1) research or instructional instrumentation and equipment, and

[(2) equipment and structural changes necessary to ensure the proper functioning of such research or instructional instrumentation and equipment,

may be allocated by the recipient for maintenance of equipment and changes described in paragraphs (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within three years of the date of initial use, if the recipient deems such upgrading essential to the continued utility (usefulness) of such research or instructional instrumentation and equipment.]

Part A—Improvement of Academic and Library Facilities

SEC. 711. SHORT TITLE.

This part may be cited as the "Higher Education Facilities Act of 1991".

SEC. 712. FINDINGS.

The Congress finds that—

(1) over the past 50 years institutions of higher education have expanded dramatically, while at the same time traditional sources of funding facilities maintenance and repair have declined and even disappeared in some instances;

(2) in order to meet the rising cost of educating students, resulting mainly from inflation and the higher costs of research, many colleges and universities made the choice to defer renovations and improvements;

(3) overall, the need for capital investment by institutions of higher education has been estimated to exceed $60,000,000,000;

(4) the deterioration of facilities has caused valuable research experiments and programs to be postponed, delayed or canceled; and

(5) the United States' competitive position within the world economy is vulnerable if the necessary research facilities are not available to provide advanced training in the fields of science and technology.

SEC. 713. ALLOTMENT.

(a) IN GENERAL.—From the amount appropriated pursuant to the authority of section 717 the Secretary shall allot to each State higher education agency with an approved application—

(1) 50 percent of such funds on the basis of the population of the State compared to the population of all States; and

(2) 50 percent of such funds on the basis of the number of students attending institutions of higher education within the State compared to the number of students attending institutions of higher education in all States.

(b) STATE MATCHING REQUIREMENT.—

(1) IN GENERAL.—In order to receive an allotment under subsection (a) each State higher education agency shall match, on a dollar for dollar basis, the amount of any allotment received pursuant to such subsection. Such matching funds may be provided by the State higher education agency or an eligible institution.

(2) CASH REQUIREMENT.—Each State higher education agency receiving funds under this part shall only provide matching funds pursuant to paragraph (1) in cash.

(c) REALLOTMENT.—Except as provided in subsection (d), any amount that the Secretary determines will not be available to a State higher education agency because such agency fails to comply with the provisions of this part or elects not to participate in the program assisted under this part shall be reallotted to other States in the same manner as the original allotments were made.

(d) SPECIAL RULE.—

(1) IN GENERAL.—If the Secretary determines that any eligible institution within a State receives a direct, noncompetitive

award of Federal funds for facilities construction, renovation, improvement or repair, then such State shall have the amount of such funds subtracted from the amount of such State's allotment under this section. If the amount of such funds exceeds the State's allotment for any year, the amount by which such funds exceed the State's allotment for such year shall be subtracted from the State's allotment under this section in the subsequent year, or years if necessary.

(2) SPECIAL REALLOTMENT.—The amount that a State is ineligible to receive by application of paragraph (1) shall be reallotted in the same manner as the original allotments were made among all States.

SEC. 714. USE OF ALLOTMENT.

(a) IN GENERAL.—From amounts received pursuant to section 713 each State higher education agency shall award grants, on a competitive basis, to eligible institutions within the State for—

(1) the improvement, renovation, and repair of academic facilities;

(2) the improvement and renovation of library facilities, the improvement (including acquisition) of library books and materials, for interlibrary cooperation and communication;

(3) broadcast, cable, and satellite interconnection equipment for use in postsecondary educational television and radio programming, including interactive technology and communications; and

(4) the construction of academic and library facilities if the State determines such construction necessary.

(b) LOCAL MATCHING REQUIREMENT.—In order to receive a grant under subsection (a) each eligible institution shall match, on a dollar for dollar basis, the amount of any grant received pursuant to such subsection. Such matching funds may be provided by the State higher education agency or the eligible institution.

(c) PRIORITY.—In awarding grants pursuant to subsection (a) each State higher education agency shall give priority to eligible institutions within the State that serve large numbers or percentages of minority or disadvantaged students.

(d) EQUITABLE PARTICIPATION.—In awarding grants pursuant to subsection (a) each State higher education agency shall ensure the equitable participation of both public and private eligible institutions within the State.

(e) DURATION AND LIMITATION.—

(1) DURATION.—Grants awarded pursuant to subsection (a)—

(A) shall be awarded for a period which is at least 1 year but not more than 3-years in duration; and

(B) are renewable.

(2) LIMITATION.—No eligible institution shall receive more than 1 grant under this part in any 3-year period.

(f) SUPPLEMENTATION.—Grants awarded pursuant to subsection (a) shall be used to supplement and not supplant other Federal, State, and local funds available for improvement of academic and library facilities.

SEC. 715. APPLICATION.

(a) STATE HIGHER EDUCATION AGENCY.—

(1) APPLICATION. Each State higher education agency desiring an allotment pursuant to section 713 shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

(2) CONTENTS.—Each application described in paragraph (1) shall—

(A) describe the activities and services for which assistance is sought;

(B) contain assurances that the State higher education agency will comply with the matching requirement described in section 713(b);

(C) contain a description and the amount of any direct, noncompetitive appropriation of funds for facilities construction, renovation, improvement or repair which the State provides to any eligible institution within the State; and

(D) contain such other assurances as the Secretary determines necessary to ensure compliance with the provisions of this part.

(b) ELIGIBLE INSTITUTION.—

(1) APPLICATION.—Each eligible institution desiring a grant pursuant to section 714 shall submit an application to the State higher education agency at such time in such manner and accompanied by such information as such agency may reasonably require.

(2) CONTENTS.—Each application described in paragraph (1) shall—

(A) describe the activities and services for which assistance is sought;

(B) contain assurances that the eligible institution will comply with the matching requirement described in section 714(b); and

(C) contain such other assurances as the State higher education agency determines necessary to ensure compliance with the provisions of this part.

SEC. 716. DEFINITIONS.

For the purpose of this part the term "eligible institution" means an institution of higher education, a museum, a nonprofit research and scientific institution, or a public telecommunications entity.

SEC. 717. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $400,000,000 for fiscal years 1993 and each of the 6 succeeding fiscal years to carry out the provisions of this part.

PART [E] *B*—COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

CONGRESSIONAL DECLARATION OF PURPOSE; DEFINITION; INCORPORATION

SEC. [751] *721.* (a) PURPOSE.—The Congress hereby declares that it is the purpose of this part to authorize participation of the United States Government and the Student Loan Marketing Association in a private, for profit corporation to be known as the College

Construction Loan Insurance Association (hereinafter referred to as the "Corporation") which will, directly or indirectly, alone or in collaboration with others—

* * * * * * *

CRITERIA FOR GUARANTEES AND INSURANCE

Sec. **[**752**]** *722* (a) General Rule.—The Corporation shall provide direct insurance, guarantees, and reinsurance on obligations issued for education facilities purposes only in accordance with the requirements of this section.

* * * * * * *

PROCESS OF ORGANIZATION

Sec. **[**753**]** *723.* The Secretary of the Treasury, the Secretary, and the Student Loan Marketing Association shall each appoint 2 persons to be incorporators of the Corporation. If either the Secretary of the Treasury or the Secretary fail to appoint incorporators within 90 days after the date of enactment of the Higher Education Amendments of 1986, the Student Loan Marketing Association, after consultation with the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives, shall have the authority to name the incorporators which have not been so appointed. The incorporators so appointed shall each sign the articles of incorporation and shall serve as the initial Board of Directors until the members of the first regular Board of Directors shall have been appointed and elected. Such incorporators shall take whatever actions are necessary or appropriate to establish the Corporation, including the filing of articles of incorporation.

OPERATION AND ELECTION OF BOARD OF DIRECTORS

Sec. **[**754**]** *724.* (a) In General.—The Corporation shall have a Board of Directors which shall consist of 11 members, of whom one shall be elected annually by the Board to serve as chairman. Directors shall serve for terms of one year or until their successors have been appointed and qualified, and any member so appointed to fill a vacancy shall be appointed only for the unexpired term of the Director whom he succeeds. Two Directors shall be appointed by the Secretary of the Treasury; 2 Directors shall be appointed by the Secretary; 3 Directors shall be appointed by the Student Loan Marketing Association; and the remaining 4 Directors shall be elected by the holders of the Corporation's voting common stock at least one of whom shall be a college or university administrator. The failure of the Secretary or the Secretary of the Treasury to make any one or more appointments to the Board of Directors of the Corporation shall not affect or diminish the right and power of (1) the other directors who have been appointed or elected to assume and carry out their duties as directors and (2) the Board so constituted to act for all purposes as the full Board of the Corporation.

* * * * * * *

INITIAL CAPITAL

Sec. [755] *725.* (a) Authority To Issue Common Stock.—The Corporation shall issue shares of voting common stock of no par value at such time within 6 months of its incorporation as shall be designated by the initial Board of Directors, and from time to time thereafter.

* * * * * * *

ISSUE OF NONVOTING STOCK AND DEBT TO THE PUBLIC

Sec. [756] *726.* The Corporation may issue, without limitation as to amount or restriction as to ownership, such nonvoting common, preferred, and preference stock, debt, and such other securities and obligations, in such amounts, at such times, and having such terms and conditions as may be deemed necessary or appropriate by its Board of Directors.

OBLIGATIONS NOT FEDERALLY GUARANTEED; NO FEDERAL PRIORITY

Sec. [757] *727.* No obligation which is insured, guaranteed, or otherwise backed by the Corporation, shall be deemed to be an obligation which is guaranteed by the full faith and credit of the United States. No obligation which is insured, guaranteed, or otherwise backed by the Corporation shall be deemed to be an obligation which is guaranteed by the Student Loan Marketing Association. This section shall not affect the determination of whether such obligation is guaranteed for purposes of Federal income taxes.

AUTHORITY OF SECRETARY TO SELL COMMON STOCK; RIGHT OF FIRST REFUSAL

Sec. [758] *728.* (a) Authority To Sell.—The Secretary may, at any time after a date which is 5 years after the date of incorporation of the Corporation, sell (in one or more transactions) the voting common stock of the Corporation owned by the Secretary. Prior to offering such common stock for sale to any other person, the Secretary shall offer such stock to the Student Loan Marketing Association at the price determined pursuant to subsection (b). Not later than 30 days prior to the sale of such stock, the Secretary shall advise, in writing, the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives of plans of the Secretary.

* * * * * * *

(c) Board of Directors Elected After Majority Buy-Out.—If the Student Loan Marketing Association acquires from the Secretary sufficient voting common stock so as to own more than 50 percent of the issued and outstanding voting common stock of the Corporation, section [754] *724* (except subsection (b)) shall be of no further force of effect and the Board of Directors of the Corporation shall thereafter be elected entirely by the voting common shareholders.

(d) Right of First Refusal to Association.—Until such time as the Student Loan Marketing Association acquires all of the voting common stock owned by the Secretary, the Student Loan Marketing Association shall have the right to purchase all, or any lesser portion it shall select, of each of the issues of equity securities or other securities convertible into equity of the Corporation as the Corporation may issue from time to time, on the same terms and conditions as such securities are to be offered to other persons.

(e) AUTHORITY OF ASSOCIATION WITH RESPECT TO CORPORATION.—The Student Loan Marketing Association is authorized ad empowered to purchase stock and to carry out such other activities as are necessary and appropriate for carrying out the Association's obligations and responsibilities with respect to the Corporation. The Student Loan Marketing Association is also authorized to enter into such other transactions with the Corporation, including the acquisition of securities and obligations of the Corporation referred to in this section and sections [755] *725* and [756] *726*, and arrangements for the provision of management and other services to the Corporation, as shall be approved by the Student Loan Marketing Association and the Corporation.

USE OF STOCK SALE PROCEEDS

SEC. [759] *729*. The proceeds received by the Secretary upon the sale of any shares of the Corporation to the Student Loan Marketing Association or any other person shall be deposited in the general fund of the Treasury.

AUDITS; REPORTS TO THE PRESIDENT AND THE CONGRESS

SEC. [760] *730*. (a) ACCOUNTING.—The books of account of the Corporation shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

(b) REPORTS.—The Corporation shall transmit to the President and the Congress, annually and at such other times as it deems desirable, a report of its operations and activities under this part, which annual report shall include a copy of the Corporation's financial statements and the opinion with respect thereto prepared by the independent public accountant reviewing such statements and a copy of any report made on an audit conducted under subsection (a). The annual reports shall include such information and other evidence as is necessary to demonstrate that the Corporation has complied with the requirements of section [752] *732*.

SEC. 730A. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this part.

[PART C—LOANS FOR CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

[ELIGIBLITY CONDITIONS, AMOUNTS, AND TERMS

[SEC. 731. (a) SELECTION OF RECIPIENTS.—From the sums available for this part, the Secretary shall make loans to institutions of higher education and to higher education building agencies for programs consistent with the purposes of this title. No loan shall be made unless the Secretary finds that—

[(1) not less than 20 percent of the development cost of the project will be financed from non-Federal sources;

[(2) the applicant is unable to secure the loan from other sources upon terms and conditions equally as favorable as those applicable to loans under this part;

[(3) the project will be undertaken in an economical manner; and

[(4) for any project with regard to an infirmary or other outpatient care facility for students and institutional personnel, assistance will not be provided under part F of this title.

[(b) Terms of Loans.—Loans shall be repaid within 50 years and shall bear interest at (1) a rate annually determined by the Secretary which shall be not more than one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt as computed at the end of the preceding fiscal year, adjusted to the nearest one-eighth of 1 percent, or (2) the rate of 5.5 percent per year, whichever is less.

[(c) Use for Maintenance.—An amount less than or equal to 10 percent of that portion of a loan granted under this part which is allotted by the recipient to meet costs of—

[(1) research or instructional instrumentation and equipment, and

[(2) equipment and structural changes necessary to ensure the proper functioning of such research or instructional instrumentation and equipment,

may be allocated by the recipient for maintenance of equipment and changes described in paragraphs (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within three years of the date of initial use, if the recipient deems such upgrading essential to the continued utility (usefulness) of such research or instructional instrumentation and equipment.]

[PART [F] *C*—HOUSING AND OTHER EDUCATIONAL FACILITIES LOANS]

PART C—LOANS FOR CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC, HOUSING, AND OTHER EDUCATIONAL FACILITIES

FEDERAL ASSISTANCE IN THE FORM OF LOANS

Sec. [761] *731.* (a) Authority and Conditions for Loans.—To assist [undergraduate postsecondary educational institutions] *institutions of higher education or higher education building agencies* in the construction, reconstruction, or renovation of housing, *graduate and* undergraduate academic facilities, and other educational facilities for students and faculties, the Secretary may make loans of funds to such institutions for the construction, reconstruction, or renovation of such facilities. No such assistance shall be provided unless—

* * * * * * *

(b) Use of Loans for Previously Made Contracts.—Any [undergraduate postsecondary educational institution] *institutions of higher education or higher education building agencies* which, prior to the date of enactment of this section, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the Secretary may determine. No such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this section, or completed prior to the filing of an application under this title.

(c) Amount and Conditions of Loans.—A loan to [an undergraduate postsecondary educational institution] *institutions of higher education or higher education building agencies—*

* * * * * * *

[(d) Use of Funds From Title IV of the Housing Act of 1950.—Funds obtained pursuant to section 401(d) of the Housing Act of 1950 shall be available for the purposes of carrying out this part. For such purposes, the total amount of notes and obligations which the Secretary may continue to issue and have outstanding for purchase by the Secretary of the Treasury shall not exceed the amount issued and outstanding under such section 401(d) as of September 30, 1985. Such notes and other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the Higher Education Act Amendments of 1986 shall bear interest at a rate determined by the Secretary of the Treasury which shall not be more than the average current yield on outstanding obligations of the United States of comparable maturities in the month preceding the month in which the contract for such loan is made. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued under this part and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, and the purposes for which securities may be issued under such chapter are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired under this part. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

[(e) Use of Funds.—Not less than 10 percent of the funds held by the Secretary under subsection (d) shall be made available for loans under this part for each fiscal year.

[(f) Appropriation To Cover Notes and Obligations Not Covered by Loan Repayment.—There are authorized to be appropriated to the Secretary such sums as may be necessary, together with principal and interest payments made by postsecondary educational institutions assisted with loans made under this part (or under title IV of the Housing Act of 1950), for payment on notes and obligations issued by the Secretary under this part or such title.]

(d) Matching Requirement.—The Secretary shall not make a loan under this part unless the institution of higher education or higher education building agency receiving such loan provides from non-Federal sources at least 20 percent of the development cost of the project for which the loan is made.

[GENERAL PROVISIONS FOR LOAN PROGRAM

[Sec. 732. (a) Conclusiveness of Secretary's Transactions.—Financial transactions of the Secretary, except with respect to administrative expenses, shall be final and conclusive on all officers of the Government and shall not be reviewable by any court.

[(b) General Authority.—In the performance of, and with respect to, the functions vested in the Secretary by this part, the Secretary may—

[(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

[(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of the Secretary or any vacancy in such office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 507(b) and 517 and 2679 of title 28, United States Code;

[(3) foreclosure on any property and bid for and purchase at any foreclosure, or any other sale, any property in connection with which the Secretary has made a loan pursuant to this part; in the event of such an acquisition, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States, the Secretary may complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property; except that (A) such action shall not preclude any other action by the Secretary to recover any deficiency in the amounts loaned, and (B) any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

[(4) sell, exchange, or lease real or personal property and securities or obligations;

[(5) modify, with respect to the rate of interest, the time of payment of principal, interest, security, or any other term of any contract or agreement to which the Secretary is a party, including—

[(A) granting a moratorium on the repayment of principal or interest to a party temporarily unable to make such repayment without undue financial hardship provided the applicant files, and the Secretary approves, a plan to make repayment; and

[(B) granting to a borrower of a loan made before October 1, 1986, the option of repaying the loan at a discount computed in accordance with subsection (c) if the Secretary has received satisfactory assurances that the facilities financed with the loan will continue to be used for purposes related to the educational institution for the original term of the loan, and the prepayment is (i) made from non-Federal sources, (ii) not derived from proceeds of obligations the income of which is exempt from taxation under the Internal Revenue Code of 1986, (iii) made on a loan that has been outstanding for at least 5 years, and (iv) is made prior to October 1, 1991; and

[(6) include in any contract such other covenants, conditions, or provisions necessary to ensure that the purposes of this title will be achieved.

[(c) Computation of Allowable Discounts.—The Secretary shall compute the discount which may be offered to a borrower as an inducement to early repayment under subsection (b)(5) in an amount determined by the Secretary to be in the best financial interests of the Government, taking into account the yield on outstanding marketable obligations of the United States having maturities comparable to the remaining term of such loan.

[(d) Nondiscrimination Between Borrowers in Offering Discounted Prepayment.—(1) If the Secretary offers a discount as an inducement to early repayment under subsection (b)(5), such offer shall be available without regard to whether the borrower is delinquent or in default on the loan on or before October 1, 1986, but the Secretary shall refuse to make such offer to a borrower that becomes delinquent or goes into default after that date.

[(2) The discount offered shall apply, in the case of a borrower that complies with paragraph (1), to the entire amount outstanding on the loan (including any amount owed with respect to payments that are overdue).

[REVOLVING LOAN FUND

[Sec. 733. (a) Establishment.—There is created within the Treasury a revolving loan fund for the purpose of making loans under this part (hereafter referred to as the "fund") which shall be available to the Secretary without fiscal year limitation. The total of any loans made from the fund in any fiscal year shall not exceed limitations specified in appropriations Acts.

[(b) Management of Fund.—(1) The Secretary shall transfer to the fund appropriations provided under section 702 to provide capital for making loans. Interest and principal payments on loans, and any other moneys, property, or assets derived from activities under this part shall be deposited in the fund.

[(2) All loans, expenses, and payments pursuant to operation of this part shall be paid from the fund, including expenses and payments in connection with sale, pursuant to section 302(c) of the Federal National Mortgage Association Charter Act, of participations in obligations acquired under this part. At the close of each fiscal year, the Secretary shall pay interest on the cumulative amount of funds paid out for loans under this part less the average undisbursed cash balance in the fund during the year. The interest rate shall be determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of maturity comparable to the average maturity of loans made from the fund during the month preceding each fiscal year. Interest payments may be deferred with the approval of the Secretary of the Treasury, but interest payments so deferred shall themselves bear interest. If the Secretary determines that moneys in the fund exceed the present and prospective needs of the fund, the excess may be transferred to the general fund of the Treasury.**]**

GENERAL PROVISIONS

SEC. **[**762**]** *732.* (a) BUDGET AND ACCOUNTING.—In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary notwithstanding the provisions of any other law, shall—

* * * * * * *

APPORTIONMENT; PRIORITIES

SEC. **[**763**]** *733.* (a) APPORTIONMENT.—Not more than 12.5 percent of the amount of the funds provided for in this part in the form of loans shall be made available to educational institutions within any one State.

(b) PRIORITIES.—In awarding loans under this part, the Secretary shall give priority—

(1) to loans for renovation or reconstruction of *graduate and* undergraduate academic facilities; and

(2) to loans for renovation or reconstruction of older *graduate and* undergraduate academic facilities and undergraduate academic facilities that have gone without major renovation or reconstruction for an extended period.

SEC. 734. FUNDING RULES.

(a) USE OF FUNDS FROM TITLE IV OF THE HOUSING ACT OF 1950.—Funds obtained pursuant to section 401(d) of the Housing Act of 1950 shall be available for the purposes of carrying out this part. For such purposes, the total amount of notes and obligations which the Secretary may continue to issue and have outstanding for purchase by the Secretary of the Treasury shall not exceed the amount issued and outstanding under such section 401(d) as of September 30, 1985. Such notes and other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary, with the approval of the Secretary of the Treasury. Such notes or other obligations issued to obtain funds for loan contracts entered into after the effective date of the Higher Education Act Amendments of 1986 shall bear interest at a rate determined by the Secretary of the Treasury which shall not be more than the average current yield on outstanding obligations of the United States of comparable maturities in the month preceding the month in which the

contract for such loan is made. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued under this part and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, and the purposes for which securities may be issued under such chapter are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired under this part. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(b) USE OF FUNDS.—Not less than 10 percent of the funds held by the Secretary under subsection (a) shall be made available for loans under this part for each fiscal year.

(c) APPROPRIATION TO COVER NOTES AND OBLIGATIONS NOT COVERED BY LOAN REPAYMENT.—There are authorized to be appropriated to the Secretary $30,000,000 for fiscal year 1993 such sums as may be necessary for each of the 6 succeeding fiscal years, together with principal and interest payments made by institutions of higher education or higher education building agencies assisted with loans made under this part (or under title IV of the Housing Act of 1950), for payment on notes and obligations issued by the Secretary under this part or such title.

DEFINITIONS

SEC. [764] *735*. For the purpose of this part:

(a) HOUSING.—The term "housing" means—

(1) new or existing structures suitable for dwelling use, including single-room dormitories and apartments; and

(2) dwelling facilities provided for rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for the proposed dwelling use.

[(b) EDUCATIONAL INSTITUTION.—The term "undergraduate postsecondary educational institution" means—]

(b) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" means—

* * * * * * *

(2) * * *

* * * * * * *

(B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan which is made under section [761] *731*, will pass to such institution (or to anyone or more of such institutions) unless it is shown to the satisfaction of the Secretary that such property or the proceeds from its sale will be used for some other nonprofit educational purpose;

* * * * * * *

In the case of any loan made under section [761] *731* to a corporation described in paragraph (3) which was not established by the institution or institutions for whose students or students and faculty it would provide housing, or to a student housing cooperative corporation described in paragraph (5), and in the case of any loan which is obtained from other sources by such a corporation, the Secretary shall require that the note securing such loan be cosigned by such institution (or by any one or more of such institutions). Where the law of any State in effect on the date of enactment of the Housing Act of 1964 prevents the institution or institutions, for whose students or students and faculty housing is to be provided, from cosigning the note, the Secretary shall require the corporation and the proposed project to be approved by such institution (or by any one or more of such institutions) in lieu of such cosigning.

* * * * * * *

(g) Graduate Academic Facility.—The term "graduate academic facility" means an institution of higher education that offers a program of study that—

(1) has been in existence for at least 4 years prior to the date for which assistance under this part is sought; and

(2) leads to a graduate degree.

[Part D—Grants To Pay Interest on Debt

[annual interest grants

[Sec. 741. (a) Grant Authority.—To assist institutions of higher education and higher education building agencies in reducing the cost of borrowing from other sources for projects under this part, the Secretary may make annual interest grants to such institutions and agencies with respect to any project made over a fixed period not exceeding 40 years, and provision for the grants shall be embodied in the contract guaranteeing their payment. Grants shall not be greater than the difference between (1) the average annual debt service which would be required to be paid during the life of the loan on the amount borrowed from other sources for the construction of such facilities, and (2) the average annual debt service which the institution or agency would have been required to pay during the life of the loan if the applicable interest rate had been determined by the Secretary in accordance with section 731(b).

[(b) Limits on Grants.—The total amount of annual interest grants which may be paid to institutions of higher education and higher education building agencies in any year pursuant to contracts entered into for such year under this section shall not exceed $13,500,000.

[(c) State Allocation Limits.—The total payment for any fiscal year made to institutions of higher education and higher education building agencies in any State shall not exceed 12.5 percent of sums appropriated for this section.

[(d) Requirements for Grants.—No annual interest grant shall be made unless (1) assurance is provided that not less than 10 percent of the costs of the project will be financed from non-Federal sources, (2) the applicant is unable to secure a loan from other sources upon terms and conditions as favorable as those applicable to loans under this title, and (3) the project will be undertaken in an economical manner. Loans for which an interest grant is made shall, for purposes of this section only, not be considered financing from a non-Federal source.]

PART [H] *D*—GENERAL

RECOVERY OF PAYMENTS

[SEC. 781. (a) PUBLIC BENEFIT.—The Congress declares that, if a facility constructed with the aid of a grant under part A or B of this title is used as an academic facility for 20 years following completion of such construction, the public benefit accruing to the United States will equal in value the amount of the grant. The period of 20 years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of this title.

[(b) RECOVERY UPON CESSATION OF PUBLIC BENEFIT.—If, within 20 years after completion of construction of an academic facility which has been constructed, in part with a grant under part A or B of this title—

[(1) the applicant (or its successor in title of possession) ceases or fails to be public or nonprofit institution, or

[(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term "academic facility", unless the Secretary determines that there is good cause for releasing the institution from its obligation, the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the value of the facility at that time (or so much thereof as constituted an approved project or projects) the same ratio as the amount of Federal grant bore to the cost of the facility financed with the aid of such grant. The value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated.

[(c) PROHIBITION ON USE FOR RELIGION. Notwithstanding the provisions of subsections (a) and (b), no project assisted with funds under this title shall ever be used for religious worship or a sectarian activity or for a school or department of divinity.]

DEFINITIONS

SEC. [782] *741.* The following definitions apply to terms used in this title:

(1)(A) * * *

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(2)(A) * * *

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(B) * * *

* * * * * * *

(6) The term "higher education building agency" means (A) an agency, public authority, or other instrumentality of a State authorized to provide, or finance the construction, reconstruction, or renovation of, academic facilities for institutions of higher education (whether or not also authorized to provide or finance other facilities for such or other educational institu-

tions, or for their students or faculty), or (B) any corporation (no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual (i) established by an institution of higher education for the sole purpose of providing academic facilities for the use of such institution, and (ii) upon dissolution of which, all title to any property purchased or built from the proceeds of any loan made under part C *(as such part C was in effect prior to the date of enactment of the Higher Education Amendments of 1991)* will pass to such institution), or (C) an institution of postsecondary education.

* * * * * * *

SALES OF OBLIGATIONS REQUIRED

SEC. **[**783**]** *742.* The Secretary shall sell, at public or private sale, obligations held under **[**parts C and F**]** *part C* of this title upon such terms as the Secretary may fix and in such amounts as the Secretary determines will carry out the directions in the concurrent resolution on the budget for the fiscal year 1987 (S. Con. Res. 120, 99th Congress, agreed to June 27, 1986), but the Secretary shall not sell obligations having a market value of more than $579,000,000 in fiscal year 1987 and more than $314,000,000 in fiscal year 1988.

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[PART G—SPECIAL PROGRAMS

[WELCH HALL

[SEC. 771. (a) PROGRAM AUTHORITY.— In recognition of the unique architectural and historic significance to the education profession of Welch Hall, the Secretary is authorized, in accordance with the provisions of this section, to provide financial assistance to Eastern Michigan University in Ypsilanti, Michigan, for the purpose of the renovation and restoration of the physical facilities of Welch Hall.

[(b) APPLICATION.—No financial assistance may be made available under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $2,000,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[ACADEMIC HEALTH EDUCATION CENTER AUTHORIZED

[SEC. 772. (a) ASSISTANCE AUTHORIZED.—The Secretary is authorized, in accordance with the provisions of this section, to provide financial assistance to the Rochester Institute of Technology located in Rochester, New York, to pay the Federal share of the cost of construction, and related costs (including equipment), for the Academic Health Education Center facility at the Rochester Institute of Technology, to be used as a national model for the integration of student academic, counseling, health, and professional development activities. The Center will integrate students and programs developed for the hearing-impaired.

[(b) TERMS AND CONDITIONS.—(1) No financial assistance may be made available under this section except upon application at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(2) For the purpose of this section, the Federal share of the cost of the Academic Health Education Center facility at the Rochester Institute of Technology shall not exceed 50 percent.

[(c) Authorization of Appropriations.—There are authorized to be appropriated such sums, not to exceed $1,800,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[ESTEY HALL

[SEC. 773. (a) PROGRAM AUTHORITY.—In recognition of its historic and architectural significance as the first Black women's college dormitory, the Secretary is authorized, in accordance with the provisions of this section, to provide financial assistance to Shaw University of Raleigh, North Carolina, for the purpose of the renovation and restoration of the physical facilities of Estey Hall.

[(b) APPLICATION.—No financial assistance may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $550,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[ELECTRONIC INSTRUCTIONAL NETWORK FOR GIFTED AND TALENTED STUDENTS

[SEC. 774. (a) ASSISTANCE AUTHORIZED.—In recognition of the benefits to be gained from applying existing and emerging technologies to classroom instruction, the Secretary is authorized, under the provisions of this section, to provide financial assistance to a 4-year postsecondary institution in cooperation with school districts, for the purpose of renovating, constructing, and equipping a facility incorporating such technological advances as two-way interactive video communications to extend an existing electronic instructional network for providing college and advanced level courses to talented and gifted secondary school students.

[(b) APPLICATION.—No financial assistance may be made available under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $2,000,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[MARY MC LEOD BETHUNE MEMORIAL FINE ARTS CENTER

[SEC. 775. (a) GENERAL AUTHORITY.—In recognition of the remarkable career of Mary McLeod Bethune, founder and president of Bethune-Cookman College, founder and first president of the National Council of Negro Women, and confidant and advisor to Presidents of the United States, and in order to enhance the ability of Bethune-Cookman College to carry on the unique quality of service to the community and to the Nation that characterizes the life of Mary McLeod Bethune, the Secretary shall, in accordance with the provisions of this section, provide financial assistance to the Bethune-Cookman College in Volusia County, Florida, to enable the Bethune-Cookman College to establish the Mary McLeod Bethune Memorial Fine Arts Center.

[(b) APPLICATION.—No financial assistance may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

[(c) USES.—The financial assistance made available pursuant to this section shall be used for the construction of the Mary McLeod Bethune Memorial Fine Arts Center building, the acquisition of necessary equipment, and the acquisition of necessary real property for the establishment of the Center.

[(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums, not to exceed $6,200,000, as may be necessary to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[UNIVERSITY OF CONNECTICUT BEHAVIORAL SCIENCE FACILITY

[SEC. 776. (a) GENERAL AUTHORITY.—The Secretary is authorized to provide financial assistance, in accordance with the provisions of this section, to pay the costs of the Behavioral Science Facility at the University of Connecticut, located at Storrs, Connecticut, to enable the University of Connecticut to expand collaborative research for the benefit of the region.

[(b) APPLICATION.—No financial assistance may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

[(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums, not to exceed $1,300,000, as may be necessary to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[UNIVERSITY OF RHODE ISLAND BUSINESS ADMINISTRATION PROGRAM

[SEC. 777. (a) GENERAL AUTHORITY.—The Secretary is authorized to provide financial assistance, in accordance with the provisions of this section, to pay the costs establishing a business administration program leading to a doctorate degree at the University of Rhode Island located at Kingston, Rhode Island, in order to enhance economic development of the southeastern New England region.

[(b) Application.—No financial assistance may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

[(c) Authorization of Appropriations.—There are authorized to be appropriated such sums, not to exceed $300,000, as may be necessary to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

[Part J—Agriculture, Strategic Metals, Minerals, Forestry and Oceans College and University Research Facilities and Instrumentation Modernization Program

[PROGRAM AUTHORITY

[Sec. 795. (a) Purpose.—It is the purpose of this section to help revitalize college and university academic research programs that specialize in agricultural, strategic metals and minerals, energy, forestry and wood products, and oceanic research by assisting colleges and universities in repair and renovation of their research laboratories and other research facilities and upgrading or replacing outmoded research equipment and instrumentation currently in use at such facilities for agricultural, strategic metals, minerals, energy, forestry, and oceans research.

[(b) Financial Assistance Authorized.—The Secretary shall, from the sums available to carry out this section in any fiscal year, establish and carry out a new College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy, forestry, and oceanic research that will provide assistance for the replacement, repair, or renovation of such institutions' obsolete laboratories, other research facilities, and outmoded equipment and instrumentation. No funds made available under this section may be used for the construction of new facilities.

[(c) Program Requirements.—The College and University Research Facilities and Instrumentation Modernization Program for agriculture, strategic metals, minerals, energy, forestry, and oceans shall be carried out through projects which involve the replacement, repair, or renovation of specific research facilities and research equipment or instrumentation at colleges and universities. Funds shall be awarded competitively, on the basis of specific proposals submitted by colleges and universities, in accordance with regulations prescribed by the Secretary. The Secretary shall consult with the Secretaries of Agriculture, Interior, Energy, and Commerce shall obtain their recommendations regarding final proposal funding should they wish to provide such. In no case should this language be construed as granting these Secretaries final authority over funding or the right to hold up funding of acceptable projects.

[(d) Matching Requirements.—Any participating college or university must provide an amount not exceeding 50 percent of the costs involved from other non-Federal public or private sources.

[(e) Selection Criteria.—The criteria for making an award to any college or university under this part, shall include—

[(1) the quality of the research and training to be carried out in the facility or facilities involved;

[(2) the congruence of the institution's research activities to be supported with funds awarded under this part with the future research needs of the Nation, especially as they relate to improving the Nation's trade and competitiveness position;

[(3) the contribution which the project will make toward meeting national, regional, and State research and related training needs, especially as those needs are related to improving the Nation's trade and competitiveness position; and

[(4) an analysis of the age and condition of existing research facilities and equipment.

[(f) SET-ASIDE.—At least 20 percent of the amount available under this section in any fiscal year shall be available only for awards to colleges and universities that received less than $10,000,000 in total Federal obligations for research and development (including obligations for the university research laboratory modernization program) in each of the two preceding fiscal years.

[(g) CONSULTATIONS FOR RULEMAKING.—In prescribing regulations and conducting the program under this section, the Secretary shall consult with other agencies of the Federal Government concerned with research, including the Departments of Energy, Agriculture, Interior, and Commerce.

[(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1988 and such sums as may be necessary for each of the 3 succeeding fiscal years to carry out this section.]

SEC. 743. FORGIVENESS OF CERTAIN LOANS.

(a) FORGIVENESS AUTHORIZED.—The Secretary may forgive the entire balance due, or any portion thereof, on any loan made under part C (as such part was in effect prior to the date of enactment of the Higher Education Amendments of 1991), part F (as such part was in effect prior to the date of enactment of the Higher Education Amendments of 1991), or the College Housing and Academic Facilities Loan program whenever the Secretary determines that—

(1) the institution is current in its payments to the Department of Education or has entered into a moratorium agreement with the Secretary with respect to such payments; and

(2) the outstanding indebtedness equals at least one-half the annual operating budget of the institution seeking forgiveness of its housing loan indebtedness and in the judgment of the Secretary the survival of the institution is threatened.

(b) DEFINITION.—For the purpose of this section, the term "institution" includes an institution of higher education and an undergraduate postsecondary educational institution.

(c) APPLICATION.—Each institution requesting forgiveness of any loan under this section shall submit an application to the Secretary at such time, in such manner and containing or accompanied by such information as the Secretary may reasonably require.

[TITLE VIII—COOPERATIVE EDUCATION

[APPROPRIATIONS AUTHORIZED; RESERVATIONS

[Sec. 801. (a) Appropriations Authorized.—There are authorized to be appropriated to carry out this title $17,000,000 for fiscal year 1987, and such sums as may be necessary for each of the 4 succeeding fiscal years.

[(b) Reservations.—Of the amounts appropriated in each fiscal year—

[(1) not less than 75 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions for cooperative education under section 802;

[(2) not to exceed 12½ percent shall be available for demonstration projects under paragraph (1) of section 803(a);

[(3) not to exceed 10 percent shall be available for training and resource centers under paragraph (2) of section 803(a); and

[(4) not to exceed 2½ percent shall be available for research under paragraph (3) of section 803(a).

[(c) Availability of Appropriations.—Appropriations under this title shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this title.

[GRANTS FOR COOPERATIVE EDUCATION PROGRAMS

[Sec. 802. (a) Grants Authorized; Maximum Amount of Grant.—(1) The Secretary is authorized, from the amount available under section 801(b)(1) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education, or to combinations of such institutions, to pay the Federal share of the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions or combinations of institutions.

[(2)(A) Cooperative education programs assisted under this section shall provide alternating or parallel periods of academic study and of public or private employment, giving work experience related to their academic or occupational objectives and the opportunity to earn the funds necessary for continuing and completing their education.

[(B) The amount of each grant shall not exceed $500,000 to any institution of higher education or combination of such institutions in any fiscal year.

[(b) Applications.—Each institution of higher education, or combination of institutions desiring to receive a grant under this title shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe. Each such application shall—

[(1) set forth the program or activities for which a grant is authorized under this section;

[(2) specify each portion of such program or activities which will be performed by a nonprofit organization or institution other than the applicant and the compensation to be paid for such performance;

[(3) provide that the applicant will expend during such fiscal year for the purpose of such program or activities not less than the amount expended for such purpose during the previous fiscal year;

[(4) describe the plans which the applicant will carry out to assure that the applicant will continue the cooperative education program beyond the 5-year period of Federal assistance described in subsection (c)(1);

[(5) provide that, in the case of an institution of higher education that provides a 2-year program which is acceptable for full credit toward a bachelor's degree, the cooperative education program will be available to students who are certificate candidates and who carry at least one-half the normal full time academic workload;

[(6) provide that the applicant will—

[(A) make such reports as may be essential to insure that the applicant is complying with the provisions of this section, including in the reports for the second and each succeeding fiscal year for which the applicant receives a grant data with respect to the impact of the cooperative education program in the previous fiscal year, including—

[(i) the number of students enrolled in the cooperative education program,

[(ii) the number of employers involved in the program,

[(iii) the income of the students enrolled, and

[(iv) the increase or decrease of enrollment in the program in the second previous year compared to such previous fiscal year; and

[(B) keep such records as are essential to insure that the applicant is complying with the provisions of this title;

[(7) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this title; and

[(8) include such other information as is essential to carry out the provisions of this title.

[(c) DURATION OF GRANTS; FEDERAL SHARE.—(1)(A) Except as provided in paragraph (3), no individual unit of an institution of higher education may receive, individually or as a participant in a combination of such institutions, grants under this section for more than 5 fiscal years.

[(B) The limitation contained in subparagraph (A) shall apply to each institution of higher education or participant in a combination of such institutions whether the grant was received before or after the date of enactment of the Higher Education Amendments of 1986.

[(2) The Federal share of a grant under this section may not exceed—

[(A) 90 percent of the cost of carrying out the application in the first year the applicant receives a grant under this section;

[(B) 80 percent of such cost in the second such year;

[(C) 70 percent of such cost in the third such year;

[(D) 60 percent of such cost in the fifth such year; and

[(E) 30 percent of such cost in the fifth such year.

[(3) Any institution of higher education, or participant in a combination of such institutions which—

[(A) has received a grant for 5 fiscal years under this section;

[(B) has conducted without Federal assistance a cooperative education program for at least 2 academic years subsequent to the end of the fifth such fiscal year;

[(C) has expended for the cooperative education program for each such subsequent academic year an amount at least equal to the total cost of the program in the fifth fiscal year in which the institution, or participant, received assistance under this section; and

[(D) provides statistics in the application required under subsection (b) on the number of students enrolled in the cooperative education program, the number of institutional personnel, including facility advisers and cooperative education coordinators, and the income of the students enrolled, for each such year;

may apply under subsection (b) as an institution, or participant, to which subparagraph (A) of paragraph (2) applies.

[(4) Any provision of law to the contrary notwithstanding, the Secretary shall not waive the provisions of this subsection.

[(d) Factors for Special Consideration of Applications.—(1) In approving applications under this section, the Secretary shall give special consideration to applications from institutions of higher education for programs which show the greatest promise of success because of—

[(A) the extent to which programs in the academic discipline with respect to which the application is made have had a favorable reception by public and private sector employers,

[(B) the commitment of the institution of higher education to cooperative education has demonstrated by the plans which such institution has made to continue the program after the termination of Federal financial assistance,

[(C) the extent to which the institution is committed to extending cooperative education on an institution-wide basis for all students who can benefit, and

[(D) such other factors as are consistent with the purposes of this section.

[(2) The Secretary shall also give special consideration to applications from institutions of higher education or combinations thereof which demonstrate a commitment to serving special populations such as women, the handicapped and Black, Mexican American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronsesian, Guamian (Chamorro), and Northern Marianian students.

[DEMONSTRATION AND INNOVATION PROJECTS; TRAINING AND RESOURCE CENTERS; AND RESEARCH

[Sec. 803. (a) Authorization.—The Secretary is authorized, in accordance with the provisions of this section, to make grants and enter into contracts for—

[(1) the conduct of demonstration projects designed to demonstrate or determine the feasibility or value of innovative methods of cooperative education from the amounts available in each fiscal year under section 801(b)(2);

[(2) the conduct of training and resource centers designed to—

[(A) train personnel in the field of cooperative education;

[(B) improve materials used in cooperative education programs;

[(C) furnish technical assistance to institutions of higher education to increase the potential of the institution to continue to conduct a cooperative education program without Federal assistance;

[(D) encourage model cooperative education programs which furnish education and training in occupations in which there is a national need; and

[(E) support partnerships under which an institution carrying out a comprehensive cooperative education program joins with another institution of higher education in order to (i) assist the institution other than the comprehensive cooperative education institution to develop and expand an existing program of cooperative education, or (ii) establish and improve or expand comprehensive cooperative education programs,

from the amounts available in each fiscal year under section 801(b)(3); and

[(3) the conduct of research relating to cooperative education, from the amounts available in each fiscal year under section 801(b)(4).

[(b) ADMINISTRATIVE PROVISION.—To carry out this section, the Secretary may—

[(1) make grants to or contracts with institutions of higher education, or combinations of such institutions, and

[(2) make grants to or contracts with other public or private nonprofit agencies or organizations, whenever such grants or contracts will make an especially significant contribution to attaining the objectives of this section.

[(c) SUPPLEMENT NOT SUPPLANT.—A recipient of a grant or contract under this section may use the funds provided only so as to supplement and, to the extent possible, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources to carry out the activities supported by such grant or contract, and in no case to supplant such funds from non-Federal sources.]

TITLE VIII—COOPERATIVE EDUCATION

SEC. 801. STATEMENT OF PURPOSE; DEFINITION.

(a) PURPOSE.—It is the purpose of this title to award grants to institutions of higher education or combinations of such institutions to encourage such institutions to develop and make available to as many of their students as possible work experience that will aid

such students in future careers and will enable such students to support themselves financially while in school.

(b) DEFINITION.—For the purpose of this title the term "cooperative education" means the provision of alternating or parallel periods of academic study and public or private employment in order to give students work experiences related to their academic or occupational objectives and an opportunity to earn the funds necessary for continuing and completing their education.

SEC. 802. AUTHORIZATION OF APPROPRIATIONS; RESERVATIONS.

(a) APPROPRIATIONS AUTHORIZED.—There are authorized to be appropriated to carry out this title $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years.

(b) RESERVATIONS.—Of the amounts appropriated in each fiscal year—

(1) not less than 50 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions described in section 803(a)(1)(A) for cooperative education under section 803;

(2) not less than 25 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions described in section 803(a)(1)(B) for cooperative education under section 803;

(3) not to exceed 11 percent shall be available for demonstration projects under paragraph (1) of section 804(a);

(4) not to exceed 11 percent shall be available for training and resource centers under paragraph (2) of section 804(a); and

(5) not to exceed 3 percent shall be available for research under paragraph (3) of section 804a.

(c) AVAILABILITY OF APPROPRIATIONS.—Appropriations under this title shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this title.

SEC. 803. GRANTS FOR COOPERATIVE EDUCATION.

(a) GRANTS AUTHORIZED.—

(1) IN GENERAL.—The Secretary is authorized—

(A) from the amount available under section 802(b)(1) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education or to combinations of such institutions that have not received a grant under this paragraph in the 10-year period preceding the date for which a grant under this section is requested to pay the Federal share of the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions or combinations of institutions; and

(B) from the amount available under section 802(b)(2) in each fiscal year and in accordance with the provisions of this title, to make grants to institutions of higher education or to combinations of such institutions that—

(i) are operating an existing cooperative education program as determined by the Secretary; or

(ii) have received a grant under this title in the 5 preceding fiscal years,

to pay the Federal share of the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions or combinations of institutions.

(2) PROGRAM REQUIREMENT.—Cooperative education programs assisted under this section shall provide alternating or parallel periods of academic study and of public or private employment, giving students work experience related to their academic or occupational objectives and the opportunity to earn the funds necessary for continuing and completing their education.

(3) AMOUNT OF GRANTS.—(A) The amount of each grant awarded pursuant to paragraph (1)(A) to any institution of higher education or combination of such institutions in any fiscal year shall not exceed $500,000.

(B) The Secretary shall award grants in each fiscal year to each institution of higher education or combination of such institutions described in paragraph (1)(B) that has an application approved under subsection (b) in an amount which bears the same relation to the amount reserved pursuant to section 802(b)(2) in such fiscal year as the number of unduplicated students placed cooperative education programs by such institution of higher education or combination of such institutions in the preceding fiscal year bears to the total number of all unduplicated students placed in such programs by all such institutions or combinations in such preceding year.

(4) SPECIAL RULES.—(A) Notwithstanding any other provision of law, no institution of higher education or combination of such institutions shall received a grant pursuant to paragraph (1)(B) in any fiscal year in an amount which exceeds 25 percent of such institution's or combination's cooperative education program's personnel and operating budget for the preceding fiscal year.

(B) The Secretary shall not award grants pursuant to paragraphs (1)(A) and (1)(B) to the same institution of higher education or combination of such institutions in any one fiscal year.

(b) APPLICATIONS.—(1) Except as provided in paragraph (2), each institution of higher education or combination of institutions desiring to receive a grant under this title shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe. Each such application shall—

(A) set forth the program or activities for which a grant is authorized under this section;

(B) specify each portion of such program or activities which will be performed by a nonprofit organization or institution other than the applicant and the compensation to be paid for such performance;

(C) provide that the applicant will expend during such fiscal year for the purpose of such program or activities not less than the amount expended for such purpose during the previous fiscal year;

(D) describe the plans which the applicant will carry out to assure, and contain a formal statement of the institution's com-

mitment which assures, that the applicant will continue the cooperative education program beyond the 5-year period of Federal assistance described in subsection (c)(1) at a level which is not less than the total amount expended for such program during the first year such program was assisted under this section;

(E) provide that, in the case of an institution of higher education that provides a 2-year program which is acceptable for full credit toward a bachelor's degree, the cooperative education program will be available to students who are certificate or associate degree candidates and who carry at least one-half the normal full-time academic workload;

(F) provide that the applicant will—

(i) make such reports as may be essential to ensure that the applicant is complying with the provisions of this section, including the reports for the second and each succeeding fiscal year for which the applicant receives a grant data with respect to the impact of the cooperative education program in the previous fiscal year, including—

(I) the number of unduplicated students enrolled in the cooperative education program;

(II) the number of unduplicated students placed in cooperative education program jobs;

(III) the number of employers who have hired cooperative education program students;

(IV) the income for students derived from working in cooperative education program jobs; and

(V) the increase or decrease in the number of students placed in cooperative education program jobs in each fiscal year compared to the previous fiscal year; and

(ii) keep such records as are essential to ensure that the applicant is complying with the provisions of this title, including the notation of cooperative education program employment on the student's transcript;

(G) describe the extent to which programs in the academic discipline for which the application is made have had a favorable reception by public and private sector employers;

(H) describe the extent to which the institution is committed to extending cooperative education on an institution-wide basis for all students who can benefit;

(I) describe the plans that the applicant will carry out to evaluate the applicant's cooperative education program at the end of the grant period and to disseminate the results of such evaluation;

(J) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this title; and

(K) include such other information as is essential to carry out the provisions of this title.

(2) SPECIAL RULE.—The Secretary shall not require applicants for grants pursuant to subsection (a)(1)(B) to submit the information described in paragraph (1)(D).

(3) SPECIAL CONSIDERATION.—The Secretary shall give special consideration to applications from institutions of higher education or combinations thereof which demonstrate a commitment to serving special populations such as women, individuals with disabilities, and black, Mexican-American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamian (Chamorro), and Northern Marianian students.

(c) DURATION OF GRANTS; FEDERAL SHARE.—

(1) DURATION OF GRANTS.—No individual institution of higher education may receive, individually or as a participant in a combination of such institutions—

(A) a grant pursuant to subsection (a)(1)(A) for more than 5 fiscal years; or

(B) a grant pursuant to subsection (a)(1)(B) for more than 5 fiscal years.

(2) FEDERAL SHARE.—The Federal share of a grant under this section may not exceed—

(A) 85 percent of the cost of carrying out the application in the first year the applicant receives a grant under this section;

(B) 70 percent of such cost in the second such year;

(C) 55 percent of such cost in the third such year;

(D) 40 percent of such cost in the fourth such year; and

(E) 25 percent of such cost in the fifth such year.

(3) SPECIAL RULE.—Any provision of law to the contrary notwithstanding, the Secretary shall not waive the provisions of this subsection.

(d) MAINTENANCE OF EFFORT.—If the Secretary determines that a recipient of funds under this section has failed to maintain the fiscal effort described in subsection (b)(1)(C), then the Secretary may elect not to make grant payments under this section to such recipient. Pursuant to subsection (b)(1)(D), each recipient of funds under this section shall provide to the Secretary information documenting such recipient's maintenance of fiscal effort beyond the 5-year period of the grant as required by the Secretary through notification in the Federal Register.

SEC. 804. DEMONSTRATION AND INNOVATION PROJECTS; TRAINING AND RESOURCE CENTERS; AND RESEARCH.

(a) AUTHORIZATION.—The Secretary is authorized, in accordance with the provisions of this section, to make grants and enter into contracts for—

(1) the conduct of demonstration projects designed to demonstrate or determine the feasibility or value of innovative methods of cooperative education from the amounts available in each fiscal year under section 802(b)(3);

(2) the conduct of training and resource centers designed to—

(A) train personnel in the field of cooperative education;

(B) improve materials used in cooperative education programs if such improvement is conducted in conjunction with other activities described in this paragraph;

(C) furnish technical assistance to institutions of higher education to increase the potential of the institution to con-

tinue to conduct a cooperative education program without Federal assistance;

(D) encourage model cooperative education programs which furnish education and training in occupations in which there is a national need; and

(E) support partnerships under which an institution carrying out a comprehensive cooperative education program joins with another institution of higher education in order to (i) assist the institution other than the comprehensive cooperative education institution to develop and expand an existing program of cooperative education, or (ii) establish and improve or expand comprehensive cooperative education programs,

from the amounts available in each fiscal year under section 802(b)(4); and

(3) the conduct of research relating to cooperative education, from the amounts available in each fiscal year under section 802(b)(5).

(b) Administrative Provision.—

(1) In general.—To carry out this section, the Secretary may—

(A) make grants to or contracts with institutions of higher education, or combinations of such institutions, and

(B) make grants to or contracts with other public or private nonprofit agencies or organizations, whenever such grants or contracts will make an especially significant contribution to attaining the objectives of this section.

(2) Limitation.—(A) The Secretary may not use more than 3 percent of the amount appropriated to carry out this section in each fiscal year to enter into contracts described in paragraph (1)(A).

(B) The Secretary may use not more than 3 percent of the amount appropriated to carry out this section in each fiscal year to enter into contracts described in paragraph (1)(B).

(c) Supplement Not Supplant.—A recipient of a grant or contract under this section may use the funds provided only so as to supplement and, to the extent possible, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources to carry out the activities supported by such grant or contract, and in no case to supplant such funds from non-Federal sources.

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[TITLE IX—GRADUATE PROGRAMS

[PART A—GRANTS TO INSTITUTIONS TO ENCOURAGE MINORITY PARTICIPATION IN GRADUATE EDUCATION

[PROGRAM AUTHORIZED

[SEC. 901. The Secretary shall make grants to institutions of higher education to enable such institutions to identify talented undergraduate students who demonstrate financial need and are from minority groups underrepresented in graduate education, and provide such students with an opportunity to participate in a program of research and scholarly activities at such institution designed to provide such students with effective preparation for graduate study in such field or related fields.

[SUBMISSION AND CONTENTS OF APPLICATIONS

[Sec. 902. (a) Required Information.—Each institution of higher education shall submit an application under this part to the Secretary in such form and containing such information as the Secretary may by regulation prescribe. Each such application shall provide information regarding—

[(1) the program of study, to take the form of summer research internships, seminars, and other educational experiences;

[(2) the institution's plan for identifying and recruiting talented minority undergraduates;

[(3) the participation of faculty in the program and a detailed description of the research in which students will be involved;

[(4) a plan for the evaluation of the effectiveness of the program; and

[(5) such other assurances and information as the Secretary may require by regulation.

[(b) Selection Requirements.—In making awards to institutions—

[(1) the Secretary shall consider the quality of the research in which students will be involved as well as the recruitment program and program of study; and

[(2) the Secretary shall ensure an equitable geographic distribution among public and private institutions of higher education.

[USE OF FUNDS

[Sec. 903. Awards made to institutions under this part shall be used exclusively to provide direct fellowship aid which may include need-based stipends, room and board costs, transportation costs, and tuition for courses for which credit is given by the institution as approved by the Secretary.

[Part B—Patricia Roberts Harris Fellowships

[STATEMENT OF PURPOSE; DESIGNATION OF AWARDS

[Sec. 921. (a) Purpose.—It is the purpose of this part to provide, through institutions of higher education, a program of grants to assist in making available the benefits of a post-baccalaureate education to graduate and professional students who demonstrate financial need.

[(b) Designation.—Each recipient of such an award under this part shall be known as a "Patricia Roberts Harris Fellow".

[PROGRAM AUTHORIZED

[SEC. 922. (a) GRANTS BY SECRETARY.—The Secretary shall make grants to institutions of higher education to enable such institutions to make grants in accordance with the provisions of this part.

[(b) DISTRIBUTION AND AMOUNTS OF GRANTS.—(1) In making such grants the Secretary shall, to the maximum extent feasible, ensure an equitable geographic distribution of awards and an equitable distribution among eligible public and independent institutions of higher education.

[(2) Whenever the Secretary determines that an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot such amounts not needed to institutions which can use the grants authorized by this part.

[(c) APPLICATIONS.—Any eligible institution of higher education offering a program of post-baccalaureate study leading to a graduate or professional degree may apply for grants under this part. Each such institution may make an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Such application may be made on behalf of professional schools, academic departments, or similar organizational units within such institution meeting the requirements of this subsection, including interdisciplinary or interdepartmental programs.

[(d) SELECTION OF APPLICATIONS.—In making grants to institutions of higher education, the Secretary shall—

[(1) take into account present and projected needs for highly trained individuals in all areas of education beyond secondary school;

[(2) take into account present and projected needs for highly trained individuals in other than academic career fields of high national priority; and

[(3) consider the need to prepare a larger number of individuals from minority groups, especially from among such groups which have been traditionally underrepresented in colleges and universities, but nothing contained in this paragraph shall be interpreted to require any institution to grant preference or disparate treatment to the members of one minority group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this section, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area.

[(e) PRIORITIES FOR FELLOWSHIPS.—The Secretary shall assure that, in making grants under this part, awards are made to—

[(1) individuals who plan to pursue a career in public service; and

[(2) individuals from traditionally underrepresented groups, as determined by the Secretary, undertaking graduate or professional study.

The Secretary shall assure that the amount expended for categories of fellowships described in paragraphs (1) and (2) of this subsection for each fiscal year is not less than the amount expended for each category in fiscal year 1985.

[(f) INSTITUTIONAL PAYMENTS.—From sums required to be expended by the Secretary for grants under subsection (e), the Secretary shall (in addition to the awards made to individuals) pay to the institution of higher education at which such individual is pursuing his or her course of study such amounts as are paid under similar fellowship programs administered through the National Science Foundation and other similar agencies, except that such amount charged to a fellowship recipient and collected from such recipient by the institution for tuition and other expenses required by the institution as part of the recipient's instructional program shall be deducted from the payments to the institution under this subsection.

[(g) USE FOR RELIGIOUS PURPOSES PROHIBITED.—No fellowship shall be awarded under this part for study at a school or department of divinity.

[AWARD OF FELLOWSHIPS

[SEC. 923. (a) AWARDS BASED ON NEED— An institution of higher education receiving funds under this part shall make available to financially needy graduate and professional students an award determined by such institution of higher education, except that no award under this part may exceed the lesser of $10,000, or the demonstrated level of financial need as determined under part F of title IV of this Act.

[(b) REQUIREMENTS FOR AWARD.—No student shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research (including acting as a teaching assistant or research assistant as may be required as a condition to award of a degree) in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed a total of 3 years, except that the Secretary may provide by regulation for the granting of such fellowships for a period of study not to exceed one 12-month period, in addition to the 3-year period set forth in this section, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient upon review of an application for such extension for such extension by the recipient.

[PART C—JACOB K. JAVITS FELLOWS PROGRAM

[AWARD OF JACOB K. JAVITS FELLOWSHIPS

[SEC. 931. (a) NUMBER AND TIMING OF AWARDS.—The Secretary is authorized to award not more than 450 fellowships per year in accordance with the provisions of this part for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement and exceptional promise. All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year for which the funds were appropriated. The fellowships shall be awarded for only one academic year of study and shall be renewable for a period not to exceed 4 years of study.

[(b) Designation of Fellows.—Students receiving awards under this part shall be known as "Jacob K. Javits Fellows".

[(c) Interruptions of Study.—The institution of higher education may allow a fellowship recipient to interrupt periods of study for a period not to exceed 12 months for the purpose of work, travel, or independent study away from the campus, if such independent study is supportive of the fellowship recipient's academic program and shall continue payments for those 12-month periods during which the student is pursuing travel or independent study supportive of the recipient's academic program.

[ALLOCATION OF FELLOWSHIPS

[Sec. 932. (a) Fellowship Board.—(1) The Secretary shall appoint a Jacob K. Javits Fellows Program Fellowship Board consisting of not less than 9 and not more than 15 individuals prior to July 31, 1987, 13 individuals after July 31, 1987, and prior to August 1, 1989, 11 individuals after July 31, 1989, and prior to August 1, 1991, and 9 individuals after July 31, 1991, representatives of both public and private institutions of higher education especially qualified to serve on the Board. In making appointments, the Secretary shall give due consideration to the appointment of individuals who are highly respected in the academic community. The Secretary shall assure that individuals appointed to the Board are broadly knowledgeable about and have experience in doctoral education in arts, humanities, and social sciences.

[(2) The Board shall—

[(A) establish general policies for the program established by this part and oversee its operation;

[(B) establish general criteria for the distribution of fellowships among eligible academic fields identified by the Board;

[(C) appoint panels of academic scholars with distinguished backgrounds in the arts, humanities, and social sciences for the purpose of selecting fellows; and

[(D) prepare and submit to the Congress at least once in every 3-year period a report on any modifications in the program that the Board determines are appropriate.

[(3) In carrying out its responsibilities, the Board shall consult on a regular basis with representatives of the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, and representatives of institutions of higher education and associations of such institutions, learned societies, and professional organizations.

[(4) The term of office of each member of the Board shall be 4 years; except that any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed. No member may serve for a period in excess of 6 years.

[(5) The Secretary shall call the first meeting of the Board, at which the first order of business shall be the election of a Chairman and a Vice Chairman, who shall serve until one year after the date of their appointment. Thereafter each officer shall be elected for a term of 2 years. In case a vacancy occurs in either office, the Board shall elect an individual from among the members of the Board to fill such vacancy.

[(6)(A) A majority of the members of the Board shall constitute a quorum.

[(B) The Board shall meet at least once a year or more frequently, as may be necessary, to carry out its responsibilities.

[(7) Members of the Board, while serving on the business of the Board, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the rate prescribed for GS-18 of the General Schedule under section 5332, title 5, United States Code, including traveltime; and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

[(b) Use of Selection Panels.—The recipients of fellowships shall be selected in each designated field from among all applicants nationwide in each field by distinguished panels appointed by the Fellowship Board to make such selections under criteria established by the Board. The number of recipients in each field in each year shall not exceed the number of fellows allocated to that field for that year by the Fellowship Board.

[(c) Fellowship Portability.—Each recipient shall be entitled to use the fellowship in a doctoral program at any accredited institution of higher education in which the recipient may decide to enroll.

[STIPENDS

[Sec. 933. (a) Award by Secretary.—The Secretary shall pay to individuals awarded fellowships under this part such stipends (including such allowances for subsistence and other expenses for such individuals and their dependents) as the Secretary may determine to be appropriate, adjusting such stipends as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary. The stipend levels established by the Secretary shall reflect the purpose of this program to encourage highly talented students to undertake graduate study and shall provide a level of support comparable to that provided by federally funded graduate fellowships in the science and engineering fields.

[(b) Institutional Payments.—(1) The Secretary shall (in addition to the stipends paid to individuals under subsection (a)) pay to the institution of higher education, for each individual awarded a fellowship for pursuing a course at such institution, $6,000, except that such amount charged to a fellowship recipient and collected from such recipient for tuition and other expenses required by the institution as part of the recipient's instructional program shall be deducted from the payment to the institution under this subsection.

[(2) Subject to the availability of appropriations, amounts payable to an institution by the Secretary pursuant to this subsection shall not be reduced for any purpose other than the purposes specified under paragraph (1).

[FELLOWSHIP CONDITIONS

[SEC. 934. (a) REQUIREMENTS FOR RECEIPT.—An individual awarded a fellowship under the provisions of this part shall continue to receive payments provided in section 933 only during such periods as the Secretary finds that he is maintaining satisfactory proficiency in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, in an institution of higher education, and is not engaging in gainful employment other than part-time employment by such institution in teaching, research, or similar activities, approved by the Secretary.

[(b) REPORTS FROM RECIPIENTS.—The Secretary is authorized to require reports containing such information in such form and to file at such times as the Secretary determines necessary from any person awarded a fellowship under the provisions of this part. The reports shall be accompanied by a certificate from an appropriate official at the institution of higher education, library, archive, or other research center approved by the Secretary, stating that such individual is making satisfactory progress in, and is devoting essentially full time to the program for which the fellowship was awarded.

[PART D—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

[PURPOSE

[SEC. 941. In order to sustain and enhance the capacity for teaching and research in areas of national need, it is the purpose of this part to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

[GRANTS TO ACADEMIC DEPARTMENTS AND PROGRAMS OF INSTITUTIONS

[SEC. 942. (a) GRANT AUTHORITY.—(1) The Secretary shall make grants to academic departments and programs and other academic units of institutions of higher education that provide courses of study leading to a graduate degree in order to enable such institutions to provide assistance to graduate students in accordance with this part.

[(2) The Secretary may also make grants to such departments and programs and to other units of institutions of higher education granting graduate degrees which submit joint proposals involving nondegree granting institutions which have formal arrangements for the support of doctoral dissertation research with degree-granting institutions. Nondegree granting institutions eligible for awards as part of such joint proposals include any organization which—

[(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and is exempt from tax under section 501(a) of such Code;

[(B) is organized and operated substantially to conduct scientific and cultural research and graduate training programs;

[(C) is not a private foundation;

[(D) has academic personnel for instruction and counseling who meet the standards of the institution of higher education in which the students are enrolled; and

[(E) has necessary research resources not otherwise readily available in such institutions to such students.

[(b) Award and Duration of Grants.—(1) The principal criterion for the allocation of awards shall be the relative quality of the graduate programs presented in competing applications. Consistent with an allocation of awards based on quality of competing applications, the Secretary shall, in making such grants, promote an equitable geographic distribution among eligible public and private institutions of higher education.

[(2) The Secretary shall approve a grant recipient under this part for a 3-year period. From the sums appropriated under this part for any fiscal year, the Secretary shall not make a grant to any academic department or program of an institution of higher education of less than $100,000 or greater than $500,000 per fiscal year.

[(3) Whenever the Secretary determines that an academic department or program of an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot the amounts not needed to academic departments and programs of institutions which can use the grants authorized by this part.

[(c) Preference to Continuing Grant Recipients.—(1) The Secretary shall make new grant awards under this part only to the extent that each previous grant recipient has received continued funding in accordance with subsection (b)(2).

[(2) To the extent that appropriations under this part are insufficient to comply with paragraph (1), available funds shall be distributed by ratably reducing the amounts required to be awarded by subsection (b)(2).

[INSTITUTIONAL ELIGIBILITY

[Sec. 943. (a) Eligibility Criteria.—Any academic department or program of an institution of higher education that offers a program of post-baccalaureate study leading to a graduate degree in an area of national need (as designated under subsection (b)) may apply for a grant under this part. No department or program shall be eligible for a grant unless the program of post-baccalaureate study has been in existence for at least 4 years at the time of application for assistance under this part.

[(b) Designation of Areas of National Need.—After consultation with the National Science Foundation, the National Academy of Sciences the National Endowments for the Arts and the Humanities, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need, such as mathematics, biology, physics, chemistry, engineering, geosciences, computer science, or foreign languages or areas studies. In making such designations, the Secretary shall take into account the extent to which the interest is compelling and the extent to which other Federal programs support post-baccalaureate study in the area concerned.

[CRITERIA FOR APPLICATIONS

[SEC. 944 (a) SELECTION OF APPLICATIONS.—The Secretary shall make grants to academic departments and programs of institutions of higher education on the basis of applications submitted in accordance with subsection (b). Applications shall be ranked on program quality by geographically balanced review panels of nationally recognized scholars. To the extent possible (consistent with other provisions of this section), the Secretary shall make awards that are consistent with recommendations of the review panels.

[(b) CONTENTS OF APPLICATIONS.—An academic department or program of an institution of higher education, in its application for a grant, shall—

[(1) describe the current academic program of the applicant for which the grant is sought;

[(2) provide assurances that the applicant will provide, from other non-Federal funds, for the purposes of the fellowship program under this part an amount equal to at least 25 percent of the amount of the grant received under this part;

[(3) set forth policies and procedures to assure that, in making fellowship awards under this part the institution will seek talented students from traditionally underrepresented backgrounds, as determined by the Secretary;

[(4) set forth policies and procedures to assure that, in making fellowship awards under this part, the institution will make awards to individuals who—

[(A) have financial need, as determined under criteria developed by the institution;

[(B) have excellent academic records in their previous programs of study;

[(C) plan teaching or research careers; and

[(D) plan to pursue the highest possible degree available in their course of study;

[(5) set forth policies and procedures to ensure that Federal funds made available under this part for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this part and in no case to supplant those funds;

[(6) provide assurances that, in the event that funds made available to the academic department or program under this part are insufficient to provide the assistance due a student under the commitment entered into between the academic department or program and the student, the academic department or program will endeavor, from any funds available to it, to fulfill the commitment to the student;

[(7) provide that the applicant will comply with the limitations set froth in section 945; and

[(8) include such other information as the Secretary may prescribe.

[AWARDS TO GRADUATE STUDENTS

[SEC. 945. (a) COMMITMENTS TO GRADUATE STUDENTS.—(1) From at least 60 percent of the funds received under this part, an academic department or program of an institution of higher education shall make commitments to graduate students at any point of their graduate study to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 5 years.

[(2) No such commitments shall be made to students under this part unless the academic department or program has determined adequate funds are available to fulfill the commitment either from funds received or anticipated under this part, or from institutional funds.

[(b) AMOUNT OF STIPENDS.—The size of the stipend awarded to students for an individual academic year shall be determined by the institution, except that no annual stipend award under this part may exceed $10,000, or the demonstrated level of need (according to criteria of need developed by the institution), whichever is less.

[(c) ACADEMIC PROGRESS REQUIRED.—Notwithstanding the provisions of subsection (a), no student shall receive an award (1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, or (2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress towards a degree.

[ADDITIONAL ASSISTANCE FOR COST OF EDUCATION

[SEC. 946. (a) USE FOR TUITION AND FEES.—From the remainder of the funds received under this part after complying with the requirements of section 945, the academic department or program of an institution of higher education may award fellowship recipients under section 945 additional amounts to pay the recipients' tuition and fees and other costs of education.

[(b) USE FOR OVERHEAD PROHIBITED.—Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.

[PART E—ASSISTANCE FOR TRAINING IN THE LEGAL PROFESSION

[PROGRAM AUTHORIZED

[SEC. 951. (a) GRANTS AND CONTRACTS.—The Secretary is authorized to make grants to, or enter into contracts with, public and private agencies and organizations other than institutions of higher education for the purpose of assisting individuals from disadvantaged backgrounds, as determined in accordance with criteria prescribed by the Secretary, to undertake training for the legal profession.

[(b) Use of Funds.—Grants made, and contracts entered into, under subsection (a) may cover, in accordance with regulations of the Secretary, all or part of the cost of—

[(1) selecting individuals from disadvantaged backgrounds for training for the legal profession,

[(2) facilitating the entry of such individuals into institutions of higher education for the purpose of pursuing such training,

[(3) providing counseling or other services designed to assist such individuals to complete successfully such training,

[(4) providing, for not more than 6 months prior to the entry of such individuals upon their courses of training for the legal profession, preliminary training for such individuals designed to assist them to complete successfully such training for the legal profession,

[(5) paying such stipends (including allowances for travel and for dependents) as the Secretary may determine for such individuals for any such period of preliminary training or for any period of training for the legal profession during which such individuals maintain satisfactory academic proficiency, as determined by the Secretary, and

[(6) paying for administrative activities of the agencies and organizations which receive such grants, or with which such contracts are entered into, to the extent such activities are for the purpose of furthering activities described in paragraphs (1) through (5).

[PART F—LAW SCHOOL CLINICAL EXPERIENCE PROGRAMS

[PROGRAM AUTHORIZATION

[Sec. 961. (a) Grant and Contract Purposes.—The Secretary is authorized to enter into grants or contracts with accredited law schools in the States for the purpose of paying not to exceed 90 per centum of the costs of establishing or expanding programs in such schools to provide clinical experience to students in the practice of law, which includes any form of law student work involving performance in the role of a lawyer exercising legal skills and roles such as those of an advocate, counselor, negotiator, investigator, and ethical practitioner, whether by way of the provision of representation of or services to an identifiable client in actual cases or situations (subject to existing State or local limitations upon such provision) or by way of simulation of such provision through appropriate exercises. Preference shall be given to those programs providing legal experience in the preparation and trial of actual cases, including administrative cases and the settlement of controversies outside the courtroom. The cases and situations handled in actuality or by simulation may encompass any one or more of the following:

[(1) judicial, administrative, executive, or legislative proceedings, including the full range of preparation therefor;

[(2) office or house counsel problems; or

[(3) factual investigation, empirical research, or policy or legal analysis.

[(b) Use of Funds.—Such costs may include necessary expenditures incurred for—

[(1) planning;

[(2) training of faculty members and salary for additional faculty members;

[(3) travel and per diem for faculty and students;

[(4) reasonable stipends for students for work in the public service performed as part of any such program at a time other than during the regular academic year;

[(5) equipment and library resources;

[(6) involving practicing lawyers in the process of training law students to perform as lawyers; and

[(7) such other items as are allowed pursuant to regulations issued by the Secretary.

[(c) Limitations on Amounts.—No law school may receive more than $100,000 in any fiscal year pursuant to this part, no part of which may be used to pay for indirect costs or charges.

[(d) Definition.—For the purpose of this part, the term "accredited law school" means any law school which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, including any combination or consortium of such schools.

[APPLICATIONS

[Sec. 962. (a) Requirements.—A grant or contract authorized by this part may be made by the Secretary upon application which—

[(1) is made at such time or times and contains such information as the Secretary may prescribe;

[(2) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

[(3) provides for making such reports, in such form and containing such information as the Secretary may require to carry out functions under this part, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

[(b) Distribution of Grants and Contracts.—The Secretary shall allocate grants or contracts under this part in such manner as will provide an equitable distribution of such grants or contracts throughout the United States among law schools which show promise of being able to use funds effectively for the purposes of this part.

[PART G—AUTHORIZATION OF APPROPRIATIONS

[AMOUNT AND DURATION OF AUTHORIZATION

[Sec. 971. (a) Part A.—There are authorized to be appropriated to carry out part A of this title $10,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(b) Part B.—There are authorized to be appropriated to carry out part B of this title $30,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(c) Part C.—There are authorized to be appropriated to carry out part C of this title $10,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(d) Part D.—There are authorized to be appropriated to carry out part D of this title $30,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(e) Part E.—There are authorized to be appropriated to carry out part E of this title $5,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(f) Part F.—There are authorized to be appropriated to carry out part F of this title $5,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(g) Limitation for Appropriations for Parts A and D.—No funds are authorized to be appropriated for part A or D of this title for any fiscal year unless the appropriation for the preceding fiscal year—

[(1) for part B equals or exceeds $18,000,000; and

[(2) for part C equals or exceeds $5,000,000.]

TITLE IX—GRADUATE PROGRAMS

SEC. 901. PURPOSE AND ADMINISTRATIVE PROVISIONS.

(a) Purpose.—It is the purpose of this title to—

(1) foster and support graduate and professional education for two distinct national needs;

(2) provide incentives and support for United States citizens to complete doctorial degree programs leading to academic careers, especially women and students from underrepresented groups; and

(3) provide support for students from underrepresented groups to complete masters and professional degree programs.

(b) Administrative Provisions.—

(1) Coordinated administration.—In carrying out the purposes of this title, the Secretary shall provide for coordinated administration and regulation of graduate programs under this title to ensure that the programs are carried out in a manner most compatible with academic practices.

(2) Administrative and technical employees.—For purposes of carrying out this title, the Secretary shall appoint, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, such administrative and technical employees, with the appropriate educational background, as shall be needed to assist in the administration of such part. Such employees shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

PART A—GRANTS TO ENCOURAGE PARTICIPATION IN GRADUATE EDUCATION

Subpart 1—Patricia Roberts Harris Fellowships

SEC. 911. STATEMENT OF PURPOSE, DESIGNATION OF AWARDS.

(a) PURPOSE.—It is the purpose of this subpart to provide, through institutions of higher education, a program of grants to assist in making available the benefits of a postbaccalaureate education to graduate and professional students who demonstrate financial need.

(b) DESIGNATION.—Each recipient of such an award under this subpart shall be known as "Patricia Roberts Harris Fellow".

SEC. 912. PROGRAM AUTHORIZED.

(a) GRANTS BY SECRETARY.—

(1) IN GENERAL.—The Secretary shall make grants to institutions of higher education to enable such institutions to make grants in accordance with the provisions of this subpart.

(2) RESERVATIONS.—The Secretary shall reserve—

(A) 50 percent of the amount appropriated pursuant to section 914 to award grants to institutions of higher education to enable such institutions to make awards for masters and professional study; and

(B) 50 percent of such amount to award grants to such institutions to enable such institutions to make awards for doctoral study.

(b) DISTRIBUTION AND AMOUNTS OF GRANTS.—

(1) EQUITABLE DISTRIBUTION.—In making such grants the Secretary shall, to the maximum extent feasible, ensure an equitable geographic distribution of awards and an equitable distribution among eligible public and independent institutions of higher education.

(2) SPECIAL RULE.—To the maximum extent practicable, the Secretary shall award at least 15 percent of the amount appropriated pursuant to the authority of section 914 to institutions of higher education operating programs for postbaccalaureate education leading to careers that serve the public interest.

(3) REALLOTMENT.—Whenever the Secretary determines that an institution of higher education is unable to use all of the amounts available to it under this subpart, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot such amounts not needed to institutions which can use the grants authorized by this subpart.

(c) APPLICATIONS.—Any eligible institution of higher education offering a program of postbaccalaureate study leading to a graduate or professional degree may apply for grants under this subpart. Each such institution may make an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Such application may be made on behalf of professional schools, academic departments, or similar organizational units within such institution meeting the requirements of this subsection, including interdisciplinary or interdepartmental programs.

(d) SELECTION OF APPLICATIONS.—In making grants to institutions to higher education, the Secretary shall—

(1) take into account present and projected needs for highly trained individuals in all areas of education beyond secondary school;

(2) take into account present and projected needs for highly trained individuals in other than academic career fields of high national priority; and

(3) consider the need to prepare a larger number of individuals from minority groups, especially from among such groups which have been traditionally underrepresented in colleges and universities, but nothing contained in this paragraph shall be interpreted to require any institution to grant preference or disparate treatment to the members of one minority group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this section, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area.

(e) Priorities for Fellowships.—The Secretary shall assure that, in making grants under this subpart, awards are made to—

(1) individuals who plan to pursue a career in public service; and

(2) individuals from traditionally underrepresented groups, as determined by the Secretary, undertaking graduate or professional study.

(f) Institutional Payments.—

(1) In general.—Beginning in fiscal year 1993, the Secretary shall (in addition to the award paid to each individual pursuant to a grant under this subpart) pay $8,000 to the institution of higher education at which such individual is pursuing a course of education.

(2) Adjustment.—The Secretary shall adjust the payment made pursuant to paragraph (1) annually in accordance with inflation as determine by the Department of Labor's Consumer Price Index.

(g) Use for Religious Purposes Prohibited.—No fellowship shall be awarded under this subpart for study at a school or department of divinity.

SEC. 913. AWARD OF FELLOWSHIPS.

(a) Awards Based on Need.—An institution of higher education receiving funds under this subpart shall make available to financially needy graduate and professional students an award determined by such institution of higher education, except that no award under this subpart may exceed $14,000 or the fellowship recipient's demonstrated level of need according to measurements of need as approved by the Secretary, whichever is less.

(b) Requirements for Awards.—

(1) Master's or professional degree.— No student enrolled in graduate study leading to a master's or professional degree shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research (including acting as a teaching assistant or research assistant as may be required as a

condition to award a degree), in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed a total of 2 years, except that the Secretary may provide by regulation for the granting of such fellowships for a period of study not to exceed one 12-month period, in addition to the 2-year period for study or research set forth in this section, under special circumstances which the Secretary determines would most effectively serve the purposes of this subpart. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient.

(2) DOCTORAL DEGREE.—No student enrolled in graduate study leading to a doctoral degree shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to study, research (including acting as a teaching assistant or research assistant as may be required as a condition to award a degree), or dissertation work in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed a total of 3 years, consisting of not more than 2 years of support for study or research, and not more than 1 year of support for dissertation work provided that the student has attained satisfactory progress to the dissertation stage. The institution shall provide 2 years of support for each student, including at least 1 year of supervised teaching, following the 2 years of predissertation support under this subpart. The Secretary may provide by regulation for the granting of such fellowships for a period of study not to exceed one 12-month period, in addition to the 2-year period for study or research set forth in this section, under special circumstances which the Secretary determines would most effectively serve the purposes of this subpart. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient.

SEC. 914. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

Subpart 2—Assistance for Training in the Legal Profession

SEC. 921. PROGRAM AUTHORIZED.

(a) GRANTS AND CONTRACTS.—The Secretary is authorized to make grants to, or enter into contracts with, public and private agencies and organizations other than institutions of higher education for the purpose of assisting individuals from disadvantaged back-

grounds, as determined in accordance with criteria prescribed by the Secretary, to undertake training for the legal profession.

(b) Use of Funds.—Grants made, and contracts entered into, under subsection (a) may cover, in accordance with regulations of the Secretary, all or part of the cost of—

(1) selecting individuals from disadvantaged backgrounds for training for the legal profession;

(2) facilitating the entry of such individuals into institutions of higher education for the purpose of pursuing such training;

(3) providing counseling or other services designed to assist such individuals to complete successfully such training;

(4) providing, for not more than 6 months prior to the entry of such individuals upon their courses of training for the legal profession, preliminary training for such individuals designed to assist such individuals to complete successfully such training for the legal profession;

(5) paying such stipends (including allowances for travel and for dependents) as the Secretary may determine for such individuals for any such period of preliminary training or for any period of training for the legal profession during which such individuals maintain satisfactory academic proficiency, as determined by the Secretary; and

(6) paying for administrative activities of the agencies and organizations which receive such grants, or with which such contracts are entered into, to the extent such activities are for the purpose of furthering activities described in paragraphs (1) through (5).

SEC. 922. AUTHORIZATION OF APPROPRIATIONS

There are authorized to be appropriated $5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

Subpart 3—Law School Clinical Experience Programs

SEC. 925. PROGRAM AUTHORIZATION.

(a) Grant and Contract Purposes.—The Secretary is authorized to enter into grants or contracts with accredited law schools in the States for the purpose of paying not to exceed 90 percent of the costs of establishing or expanding programs in such schools to provide clinical experience to students in the practice of law, which includes any form of law student work involving performance in the role of a lawyer exercising legal skills and roles such as those of an advocate, counselor, negotiator, investigator, and ethical practitioner, whether by way of the provision of representation of or services to an identifiable client in actual cases or situations (subject to existing State or local limitations upon such provision) or by way of simulation of such provision through appropriate exercises. Preference shall be given to those programs providing legal experience in the preparation and trial of actual cases, including administrative cases and the settlement of controversies outside the courtroom. The cases and situations handled in actuality or by simulation may encompass any one or more of the following:

(1) judicial, administrative, executive, or legislative proceedings, including the full range of preparation therefor;

(2) office or house counsel problems; or

(3) factual investigation, empirical research, or policy or legal analysis.

(b) Use of Funds.—Such costs may include necessary expenditures incurred for—

(1) planning;

(2) training of faculty members and salary for additional faculty members;

(3) travel and per diem for faculty and students;

(4) reasonable stipends for students for work in the public service performed as part of any such program at a time other than during the regular academic year;

(5) equipment and library resources;

(6) involving practicing lawyers in the process of training law students to perform as lawyers; and

(7) such other items as are allowed pursuant to regulations issued by the Secretary.

(c) Limitations on Amounts.—No law school may receive more than $100,000 in any fiscal year pursuant to this subpart, no part of which may be used to pay for indirect costs or charges.

(d) Definition.—For the purpose of this subpart, the term 'accredited law school' means any law school which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, including any combination or consortium of such schools.

SEC. 926. APPLICATIONS.

(a) Requirements.—A grant or contract authorized by this subpart may be made by the Secretary upon application which—

(1) is made at such time or times and contains such information as the Secretary may prescribe;

(2) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this subpart; and

(3) provides for making such reports, in such form and containing such information as the Secretary may require to carry out functions under this subpart, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

(b) Distribution of Grants and Contracts.—The Secretary shall allocate grants or contracts under this subpart in such manner as will provide an equitable distribution of such grants or contracts throughout the United States among law schools which show promise of being able to use funds effectively for the purpose of this subpart.

SEC. 927. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

PART B—GRANTS TO ENHANCE THE QUALITY AND DIVERSITY OF ACADEMIC FACULTY

Subpart 1—Jacob K. Javits Fellows Program

SEC. 931. AWARD OF JACOB K. JAVITS FELLOWSHIPS.

(a) Number and Timing of Awards.—The Secretary is authorized to award fellowships in accordance with the provisions of this subpart for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement and exceptional promise. All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year for which the funds were appropriated. The fellowships shall be awarded for only 1 academic year of study and shall be renewable for a period not to exceed 4 years of study.

(b) Designation of Fellows.—Students receiving awards under this subpart shall be known as "Jacob K. Javits Fellows".

(c) Interruptions of Study.—The institution of higher education may allow a fellowship recipient to interrupt periods of study for a period not to exceed 12 months for the purpose of work, travel, or independent study away from the campus, if such independent study is supportive of the fellowship recipient's academic program and shall continue payments for those 12-month period during which the student is pursuing travel or independent study supportive of the recipient's academic program.

SEC. 932. ALLOCATION OF FELLOWSHIPS.

(a) Fellowship Board.—

(1) Appointment.—The Secretary shall appoint a Jacob K. Javits Fellows Program Fellowship Board consisting of 9 individuals representative of both public and private institutions of higher education especially qualified to serve on the Board. In making appointments, the Secretary shall give due consideration to the appointment of individuals who are highly respected in the academic community. The Secretary shall assure that individuals appointed to the Board are broadly knowledgeable about and have experience in doctoral education in arts, humanities, and social sciences.

(2) Duties.—The Board shall—

(A) establish general policies for the program established by this subpart and oversee its operation;

(B) establish general criteria for the distribution of fellowships among eligible academic fields identified by the Board;

(C) appoint panels of academic scholars with distinguished backgrounds in the arts, humanities, and social sciences for the purpose of selecting fellows; and

(D) prepare and submit to the Congress at least once in every 3-year period a report on any modifications in the program that the Board determines are appropriate.

(3) Consultations.—In carrying out its responsibilities, the Board shall consult on a regular basis with representatives of the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, and rep-

resentatives of institutions of higher education and associations of such institution, learned societies, and professional organizations.

(4) Term.—The term of office of each member of the Board shall be 4 years; except that any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed. No member may serve for a period in excess of 6 years.

(5) Initial Meeting; Vacancy.—The Secretary shall call the first meeting of the Board, at which the first order of business shall be the election of a Chairman and a Vice Chairman, who shall serve until 1 year after the date of their appointment. Thereafter each officer shall be elected for a term of 2 years. In case a vacancy occurs in either office, the Board shall elect an individual from among the members of the Board to fill such vacancy.

(6) Quorum; Additional Meetings.—(A) A majority of the members of the Board shall constitute a quorum.

(B) The Board shall meet at least once a year or more frequently, as may be necessary, to carry out its responsibilities.

(7) Compensation.—Members of the Board, while serving on the business of the Board, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the rate of basic pay payable for level IV of the Executive Schedule, including traveltime; and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

(b) Use of Selection Panels.—The recipients of fellowships shall be selected in each designated field from among all applicants nationwide in each field by distinguished panels appointed by the Fellowship Board to make such selections under criteria established by the Board. The number of recipients in each field in each year shall not exceed the number of fellows allocated to that field for that year by the Fellowship Board.

(c) Fellowship Portability.—Each recipient shall be entitled to use the fellowship in a doctoral program at any accredited institution of higher education in which the recipient may decide to enroll.

SEC. 933. STIPENDS.

(a) Award By Secretary.—The Secretary shall pay to individuals awarded fellowships under this subpart such stipends (including such allowances for subsistence and other expenses for such individuals and their dependents) as the Secretary may determine to be appropriate, adjusting such stipends as necessary so as not to exceed $14,000 or the fellow's demonstrated level of need according to measurements of need as approved by the Secretary.

(b) Institutional Payments.—

(1) In general.—The Secretary shall (in addition to the stipends paid to individuals under subsection (a)) pay to the institution of higher education, for each individual awarded a fellowship for pursuing a course at such institution, $8,000 with

respect to such awards made for the fiscal year ending September 30, 1993, to be adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index, except that such amount charged to a fellowship recipient and collected from such recipient for tuition and other expenses required by the institution as part of the recipient's instructional program shall be deducted from the payment to the institution under this subsection.

(2) SPECIAL RULE.—Subject to the availability of appropriations, amounts payable to an institution by the Secretary pursuant to this subsection shall not be reduced for any purpose other than the purposes specified under paragraph (1).

SEC. 934. FELLOWSHIP CONDITIONS.

(a) REQUIREMENTS FOR RECEIPT.—An individual awarded a fellowship under the provisions of this subpart shall continue to receive payments provided in section 933 only during such periods as the Secretary finds that such individual is maintaining satisfactory proficiency in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, in an institution of higher education, and is not engaging in gainful employment other than part-time employment by such institution in teaching, research, or similar activities, approved by the Secretary.

(b) REPORTS FROM RECIPIENTS.—The Secretary is authorized to require reports containing such information in such form and to file at such time as the Secretary determines necessary from any person awarded a fellowship under the provisions of this subpart. The reports shall be accompanied by a certificate from an appropriate official at the institution of higher education, library, archive, or other research center approved by the Secretary, stating that such individual is making satisfactory progress in, and is devoting essentially full time to the program for which the fellowship was awarded.

SEC. 935. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $15,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

Subpart 2—Graduate Assistance in Areas of National Need

SEC. 941. PURPOSE.

In order to sustain and enhance the capacity for teaching and research in areas of national need, it is the purpose of the subpart to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

SEC. 942. GRANTS TO ACADEMIC DEPARTMENTS AND PROGRAMS OF INSTITUTIONS.

(a) GRANT AUTHORITY.—

(1) IN GENERAL.—The Secretary shall make grants to academic departments and programs and other academic units of institutions of higher education that provide courses of study leading to a graduate degree in order to enable such institutions to provide assistance to graduate students in accordance with this subpart.

(2) ADDITIONAL GRANTS.—The Secretary may also make grants to such departments and programs and to other units of institutions of higher education granting graduate degrees which submit joint proposals involving nondegree granting institutions which have formal arrangements for a support of doctoral dissertation research with degree-granting institutions. Nondegree granting institutions eligible for awards as part of such joint proposals include any organization which—

(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986, and is exempt from tax under section 501(a) of such Code;

(B) is organized and operated substantially to conduct scientific and cultural research and graduate training programs;

(C) is not a private foundation;

(D) has academic personnel for instruction and counseling who meet the standards of the institution of higher education in which the students are enrolled; and

(E) has necessary research resources not otherwise readily available in such institutions to such students.

(b) AWARD AND DURATION OF GRANTS.—

(1) AWARDS.—The principal criterion for the allocation of awards shall be the relative quality of the graduate programs presented in competing applications. Consistent with an allocation of awards based on quality of competing applications, the Secretary shall, in making such grants, promote an equitable geographic distribution among eligible public and private institutions of higher education.

(2) DURATION.—The Secretary shall approve a grant recipient under this subpart for a 3-year period. From the sums appropriated under this subpart for any fiscal year, the Secretary shall not make a grant to any academic department or program of an institution of higher education of less than $100,000 or greater than $500,000 per fiscal year.

(3) REALLOTMENT.—Whenever the Secretary determines that an academic department or program of an institution of higher education is unable to use all of the amounts available to it under this subpart, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot the amounts not needed to academic departments and programs of institutions which can use the grants authorized by this subpart.

(c) PREFERENCE TO CONTINUING GRANT RECIPIENTS.—

(1) IN GENERAL.—The Secretary shall make new grant awards under this subpart only to the extent that each previous grant recipient has received continued funding in accordance with subsection (b)(2).

(2) RATABLE REDUCTION.—To the extent that appropriations under this subpart are insufficient to comply with paragraph (1), available funds shall be distributed by ratably reducing the amounts required to be awarded by subsection (b)(2).

SEC. 943. INSTITUTIONAL ELIGIBILITY.

(a) ELIGIBILITY CRITERIA.—Any academic department or program of an institution of higher education that offers a program of post-

baccalaureate study leading to a graduate degree in an area of national need (as designated under subsection (b)) may apply for a grant under this subpart. No department or program shall be eligible for a grant unless the program of postbaccalaureate study has been in existence for at least 4 years at the time of application for assistance under this subpart.

(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with the National Science Foundation, the National Academy of Sciences, the National Endowments for the Arts and the Humanities, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need. The Secretary shall designate such areas of national need on the basis of the projected need for faculty and scientists due to replacement demands and emerging fields. In making such designations, the Secretary shall take into account the extent to which the interest is compelling and the extent to which other Federal programs support postbaccalaureate study in the area concerned.

SEC. 944. CRITERIA FOR APPLICATIONS.

(a) SELECTION OF APPLICATIONS.—The Secretary shall make grants to academic departments and programs of institutions of higher education on the basis of applications submitted in accordance with subsection (b). Applications shall be ranked on program quality by geographically balanced review panels of nationally recognized scholars. To the extent possible (consistent with other provisions of this section), the Secretary shall make awards that are consistent with recommendations of the review panels.

(b) CONTENTS OF APPLICATIONS.—An academic department or program of an institution of higher education, in its application for a grant, shall—

(1) describe the current academic program of the applicant for which the grant is sought;

(2) provide assurances that the applicant will provide, from other non-Federal funds, for the purposes of the fellowship program under this subpart an amount equal to at least 25 percent of the amount of the grant received under this subpart;

(3) set forth policies and procedures to assure that, in making fellowship awards under this subpart the institution will seek talented students from traditionally underrepresented backgrounds, as determined by the Secretary;

(4) set forth policies and procedures to assure that, in making fellowship awards under this subpart, the institution will make awards to individuals who—

(A) have financial need, as determined under criteria developed by the institution;

(B) have excellent academic records in their previous programs of study;

(C) plan teaching or research careers; and

(D) plan to pursue the highest possible degree available in their course of study;

(5) set forth policies and procedures to ensure that Federal funds made available under this subpart for any fiscal year will be used to supplement and, to the extent practical, increase

the funds that would otherwise be made available for the purpose of this subpart and in no case to supplant those funds;

(6) provide assurances that, in the event that funds made available to the academic department or program under this subpart are insufficient to provide the assistance due a student under the commitment entered into between the academic department or program and the student, the academic department or program will endeavor, from any funds available to it, to fulfill the commitment to the student;

(7) provide that the applicant will comply with the limitations set forth in section 945;

(8) provide assurances that the academic department will provide at least 1 year of supervised training in instruction for students, to be provided from non-Federal funds available to such department; and

(9) include such other information as the Secretary may prescribe.

SEC. 945. AWARDS TO GRADUATE STUDENTS.

(A) COMMITMENTS TO GRADUATE STUDENTS.—

(1) IN GENERAL.—From at least 60 percent of the funds received under this subpart, an academic department or program of an institution of higher education shall make commitments to graduate students at any point of their graduate study, including students pursuing a doctoral degree after having completed a master's degree program at an institution of higher education, to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 5 years.

(2) SPECIAL RULE.—No such commitments shall be made to students under this subpart unless the academic department or program has determined adequate funds are available to fulfill the commitment either from funds received or anticipated under this subpart, or from institutional funds.

(b) AMOUNTS OF STIPENDS.—The size of the stipend awarded to students for an individual academic year shall be determined by the institution, except that no annual stipend award under this subpart may exceed $14,000 or the student's level of need according to measurements of need as approved by the Secretary, whichever is less.

(c) ACADEMIC PROGRESS REQUIRED.—Notwithstanding the provisions of subsection (a), no student shall receive an award—

(1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, or

(2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress towards a degree.

SEC. 946. ADDITIONAL ASSISTANCE FOR COST OF EDUCATION.

(A) IN GENERAL.—The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution of higher education, for each individual awarded a fellowship at such institution, $8,000 with respect to such awards made for the fiscal

year ending September 30, 1993, to be adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index.

(b) Use for Overhead Prohibited.—Funds made available pursuant to this subpart may not be used for the general operational overhead of the academic department or program.

SEC. 947. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $35,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

Subpart 3—Dennis Chavez Fellowship Program

SEC. 951. FELLOWSHIPS AUTHORIZED.

(a) Program Authorized.—

(1) In general.—The Secretary shall make multiyear grants to institutions of higher education or consortia of such institutions and nonprofit entities organized to carry out the purposes of this subpart, with a demonstrated record of enhancing the access of individuals from underrepresented groups to graduate education to enable such institutions to—

(A) identify talented faculty from underrepresented groups who wish to continue in the higher education professorate and obtain a doctoral degree;

(B) identify talented baccalaureate degree recipients from underrpresented groups have financial need and who wish to obtain a doctoral degree and enter the higher education professorate; and

(C) provide the individuals described in paragraph (1) and (2) with a fellowship to assist such students in obtaining a doctoral degree.

(2) Fellowships.—Each institution of higher education or consortium receiving a grant under this subpart shall award the fellowships described in paragraph (1)(C) in an amount equal to $10,000 or an amount based on the financial need of the recipient (determined by the institution in accordance with measurements of need approved by the Secretary), whichever is less.

(b) Priority.—In making grants pursuant to subsection (a), the Secretary shall give priority to applications describing programs that—

(1) provide a tuition waiver and an assistantship to each fellowship recipient;

(2) provide a stipend to each fellowship recipient from resources other than the resources of the Federal Government;

(3) emphasize courses of study leading to a doctoral degree in disciplines in which faculty from underrepresented groups are underrepresented; and

(4) describe steps to ensure that a fellowship recipient will teach at an institution of higher education where minority undergraduate students are likely to benefit from the education experience and academic achievements of the fellowship recipient.

(c) Geographic Distribution.—In awarding grants pursuant to subsection (a), the Secretary shall ensure—

(1) an equitable geographic distribution of such grants; and

(2) that both public and private institutions of higher education are fairly represented among the grant recipients.

(d) Special Rule—

(1) Equitable distribution.—Each institution of higher education or consortium receiving a grant under this subpart shall ensure that during the period of the grant there is an equitable distribution of fellowships under this subpart among underrepresented groups.

(2) Construction.—Nothing in this section shall be interpreted to require any institution of higher education or consortium to grant preference or disparate treatment to the members of one group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this subpart, in comparison with the total number or percentage of individual of such group in any community, State, section or other area.

(e) Defintion.—For the purposes of this subpart, the term "underrepresented group" means any group of individuals underrepresented in graduate education or the higher education professorate.

SEC 952. APPLICATION.

(a) Application Required.—Each institution of higher education or consortium desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner and containing such information as the Secretary may by regulation reasonably require.

(b) Contents.—Each application submitted pursuant to subsection (a) shall contain—

(1) the institution of higher education's or consortium's plan for identifying and recruiting faculty and baccalaureate degree recipients who may participate in the program assisted under this subpart;

(2) a description of the program or programs of doctoral study that the institution of higher education or consortium plans to offer in the institution's doctoral program;

(3) the institution of higher education's or consortium's plan for using minority faculty and other faculty as advisory and academic resources in support of the program assisted under this subpart;

(4) a description of other resources of the institution of higher education or consortium, including tuition waivers, assistantships or financial aid other than loans, that such institution or consortium shall make available to fellowship recipient; and

(5) a description of the method such institution or consortium shall use to determine a student's financial need.

SEC. 953. FELLOWSHIP AGREEMENT.

Each recipient of a fellowship under this subpart shall enter into an agreement with the institution of higher education or consortium awarding such fellowship under which the fellowship recipient shall—

(1) in the case of a fellowship recipient described in section 951(a)(1)(A), within a 5-year period after completing the doctoral degree for which the fellowship under this subpart was awarded, teach, for a period of not less than 2 years for each year for which financial assistance under this subpart was received, in a public or private nonprofit institution of higher education that has a significant minority enrollment;

(2) in the case of a fellowship recipient described in section 951(a)(1)(B), within a 5-year period after completing the doctoral degree for which the fellowship under this subpart was awarded, teach, for a period of not less than 2 years for each year for which financial assistance under this subpart was received, in a public or private nonprofit institution of higher education;

(3) agree to provide the Secretary with evidence of compliance with the provisions of paragraph (1) and (2); and

(4) repay all or part of the fellowship received, plus interest, and if applicable reasonable collection fees, under regulations issued by the Secretary, in the event the conditions of paragraph (1) or (2) are not complied with, except as provided in section 955.

SEC. 954. FELLOWSHIP REPAYMENT PROVISIONS.

A recipient of a fellowship under this subpart found by the Secretary to be in noncompliance with the agreement entered into under section 953(1) or 953(2) shall be required to repay a pro rata amount of such fellowship assistance received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of title IV) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

SEC 955. EXCEPTIONS TO REPAYMENT PROVISIONS.

(a) Deferral During Certain Periods.—A recipient of a fellowship under this subpart shall not be considered in violation of the agreement entered into pursuant to section 953 during any period in which the recipient—

(1) is pursuing a full-time course of study related to the field of teaching at an institution of higher education;

(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months with an institution of higher education that has a significant minority enrollment;

(6) is engaged in full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or a public or private nonprofit preschool education program; or

(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

(b) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any fellowship assistance received under this subpart if the recipient becomes permanently totally disabled as established by the sworn affidavit of a qualified physician.

SEC. 956. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this subpart.

[TITLE X—POSTSECONDARY IMPROVEMENT PROGRAMS

[PART A—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

[AUTHORIZATION OF PROGRAM

[SEC. 1001. Subject to the provisions of section 1002, the Secretary is authorized to make grants to, and contracts with, institutions of postsecondary education (including combinations of such institutions) and other public and private educational institutions and agencies (except that no grant shall be made to an educational institution or agency other than a nonprofit institution or agency) to improve postsecondary educational opportunities by providing assistance to such educational institutions and agencies for—

[(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

[(2) the creation of institutions and programs involving new paths to career and professional training, and new combinations of academic and experiential learning;

[(3) the establishment of institutions and programs based on the technology of communications;

[(4) the carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;

[(5) the design and introduction of cost-effective methods of instruction and operation;

[(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;

[(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; and

[(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

[CONSULTATION

[SEC. 1002. No grant shall be made or contract entered into under section 1001 for a project or program with any institution of postsecondary education unless it has been submitted to the appropriate State entity having an agreement under section 1203, and an opportunity has been afforded such entity to submit its comments and recommendations to the Secretary.

[NATIONAL BOARD OF THE FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

[SEC. 1003. (a) There is established a National Board of the Fund for the Improvement of Postsecondary Education. The Board shall consist of fifteen members appointed by the Secretary for overlapping three-year terms. A majority of the Board shall constitute a quorum. Any member of the Board who has served for six consecutive years shall thereafter be ineligible for appointment to the Board during a two-year period following the expiration of such sixth year.

[(b) The Secretary shall designate one of the members as Chairman. A majority of the members of the Board shall be public interest representatives, including students, and a minority shall be educational representatives. All members selected shall be individuals able to contribute an important perspective on priorities for improvement in postsecondary education and strategies of educational and institutional change.

[(c) The Board shall—

[(1) advise the Secretary and the Director of the Fund for the Improvement of Postsecondary Education on priorities for the improvement of postsecondary education and make such recommendations as it may deem appropriate for the improvement of postsecondary education and for the evaluation, dissemination, and adaptation of demonstrated improvements in postsecondary educational practice;

[(2) advise the Secretary and the Director of the Fund for the Improvement of Postsecondary Education on priorities for the improvement of postsecondary education and make such recommendations as it may deem appropriate for the improvement of postsecondary education and for the evaluation, dissemination, and adaptation of demonstrated improvements in postsecondary educational practice;

[(3) advise the Secretary and the Director of the Fund on the operation of the Fund, including advice on planning documents, guidelines, and procedures for grant competitions prepared by the Fund; and

[(4) meet at the call of the Chairman, except that it shall meet (A) at least four times during each fiscal year, or (B) whenever one-third of the members request in writing that a meeting be held.

[(d) The Director shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

[ADMINISTRATIVE PROVISIONS

[SEC. 1004. (a) The Secretary may appoint, for terms not to exceed three years, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not more than five technical employees to administer this title who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

[(b) The Director shall establish procedures for reviewing and evaluating grants and contracts made or entered into under this title. Procedures for reviewing grant applications or contracts for financial assistance under this section may not be subject to any review outside of officials responsible for the administration of the Fund for the Improvement of Postsecondary Education.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 1005. There are authorized to be appropriated to carry out this part $14,500,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[PART B—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAMS

[Subpart 1—Minority Science Improvement Program

[PURPOSE; AUTHORITY

[SEC. 1021. (a) It is the purpose of this subpart to continue the authority of the Department to operate the Minority Institutions Science Improvement Program created under section 3(a)(1) of the National Science Foundation Act of 1950 and transferred to the Department by section 304(a)(1) of the Department of Education Organization Act of 1979.

[(b) The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvement in science and engineering education at predominantly minority institutions and to increase the participation of underrepresented ethnic minorities in scientific and technological careers.

[GRANT RECIPIENT SELECTION

[SEC. 1022. (a) ESTABLISHMENT OF CRITERIA.—Grants under this subpart shall be awarded on the basis of criteria established by the Secretary by regulations.

[(b) PRIORITIES TO BE GIVEN IN CRITERIA.—In establishing criteria under subsection (a), the Secretary shall give priority to applicants which have not previously received funding from the Minority Institutions Science Improvement Program and to previous grantees with a proven record of success, as well as to applications that contribute to achieving balance among projects with respect to geographic region, academic discipline, and project type.

[(c) REQUIRED CRITERIA.—In establishing criteria under subsection (a), the Secretary may consider the following selection criteria in making grants:

[(1) plan of operation;
[(2) quality of key personnel;
[(3) budget and cost effectiveness;
[(4) evaluation plan;
[(5) adequacy of resources;
[(6) identification of need for the project;
[(7) potential institutional impact of the project;
[(8) institutional commitment to the project;
[(9) expected outcomes; and
[(10) scientific and educational value of the proposed project.

[USE OF FUNDS

[Sec. 1023. (a) Types of Grants.—Funds appropriated to carry out this subpart may be made available as—

[(1) institutional grants (as defined in section 1046(6));
[(2) cooperative grants (as defined in section 1046(7));
[(3) design projects (as defined in section 1046(8)); or
[(4) special projects (as defined in section 1046(9)).

[(b) Authorized Uses for Each Type of Grant.—(1) The authorized uses of funds made available as institutional grants include (but are not limited to)—

[(A) faculty development programs; or
[(B) development of curriculum materials.

[(2) The authorized uses of funds made available as cooperative grants include (but are not limited to)—

[(A) assisting institutions in sharing facilities and personnel;

[(B) disseminating information about established programs in science and engineering;

[(C) supporting cooperative efforts to strengthen the institutions' science and engineering programs; or

[(D) carrying out a combination of any of the activities in subparagraphs (A) through (C).

[(3) The authorized uses of funds made available as design projects include (but are not limited to)—

[(A) developing planning, management, and evaluation systems; or

[(B) developing plans for initiating scientific research and for improving institutions' capabilities for such activities.

Funds used for design project grants may not be used to pay more than 50 percent of the salaries during any academic year of faculty members involved in the project.

[(4) The authorized uses of funds made available as special projects include (but are not limited to)—

[(A) advanced science seminars;
[(B) science faculty workshops and conferences;

[(C) faculty training to develop specific science research or education skills;

[(D) research in science education;
[(E) programs for visiting scientists;

[(F) preparation of films or audio-visual materials in science;

[(G) development of learning experiences in science beyond those normally available to minority and undergraduate students;

[(H) development of pre-college enrichment activities in science; or

[(I) any other activities designed to address specific barriers to the entry of minorities into science.

[ADMINISTRATION

[SEC. 1024. The Secretary shall submit to the Congress on an annual basis a list of grantees receiving awards under this part.

[Subpart 2—Science and Engineering Access Programs

[MINORITY SUPPORT IN SCIENCE AND ENGINEERING PROGRAMS

[SEC. 1031. The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support programs for minority students enrolled in science and engineering programs at institutions with a significant minority enrollment (at least 10 percent).

[SPECIAL SERVICE PROJECTS PROGRAM

[SEC. 1032. The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support to accredited colleges and universities and professional scientific societies for a broad range of activities designed to eliminate or reduce specific barriers to the entry of minorities into science and technology.

[SUPPORTABLE ACTIVITIES

[SEC. 1033. Funds appropriated for the purpose of this subpart may be made available for—

[(1) providing needed services to groups of minority institutions or providing training for scientists and engineers from eligible minority institutions;

[(2) providing needed services to groups of institutions serving significant numbers of minority students or providing training for scientists and engineers from such institutions to improve their ability to train minority students in science or engineering;

[(3) assisting minority institutions to improve the quality of preparation of their students for graduate work or careers in science, mathematics, and technology;

[(4) improving access of undergraduate students at minority institutions to careers in the sciences, mathematics, and engineering;

[(5) improving access of minority students to careers in the sciences, mathematics, and engineering;

[(6) improving access for pre-college minority students to careers in science, mathematics, and engineering through community outreach programs conducted through colleges and universities eligible for support through the Minority Science and Engineering Improvement Programs;

[(7) disseminating activities, information, and educational materials designed to address specific barriers to the entry of minorities into science and technology, and conducting activities and studies concerning the flow of underrepresented ethnic minorities into scientific careers;

[(8) supporting curriculum models to encourage minority student participation in research careers in science, mathematics, and technology; and

[(9) improving the capability of minority institutions for self-assessment, management, and evaluation of their science, mathematics, and engineering programs and dissemination of their results.

[Subpart 3—Administrative and General Provisions

[ELIGIBILITY FOR GRANTS

[SEC. 1041. Eligibility to receive grants under this part is limited to—

[(1) public and private nonprofit institutions that are minority institutions (as defined in section 1046(3));

[(2) nonprofit science-oriented organizations, professional scientific societies, and all nonprofit, accredited colleges and universities which provide a needed service to a group of eligible minority institutions or which provide in-service training for project directors, scientists, and engineers from eligible minority institutions; and

[(3) for the purposes of section 1032, public and private nonprofit institutions that have at least 10 percent minority enrollment.

[GRANT APPLICATION

[SEC. 1042. (a) SUBMISSION AND CONTENTS OF APPLICATIONS.—An eligible applicant (as determined under section 1041) that desires to receive a grant under this part shall submit to the Secretary an application therefor at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth—

[(1) a program of activities for carrying out one or more of the purposes described in section 1021(b) in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purpose or purposes; and

[(2) such other policies, procedures, and assurances as the Secretary may require by regulation.

[(b) APPROVAL BASED ON LIKELIHOOD OF PROGRESS.—The Secretary shall approve an application only if the Secretary determines that the application sets forth a program of activities which are likely to make substantial progress toward achieving the purposes of this part.

[CROSS PROGRAM AND CROSS AGENCY COOPERATION

[Sec. 1043. The Minority Science and Engineering Improvement Programs shall cooperate with other programs within the Department and within Federal, State, and private agencies which carry out programs to improve the quality of science, mathematics, and engineering education.

[ADMINISTRATIVE PROVISIONS

[Sec. 1044. (a) Technical Staff.—The Secretary shall appoint, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not less than 2 technical employees with appropriate scientific and educational background to administer the programs under this part who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

[(b) Procedures for Grant Review.—The Secretary shall establish procedures for reviewing and evaluating grants and contracts made or entered into under such programs. Procedures for reviewing grant applications, based on the peer review system, or contracts for financial assistance under this title may not be subject to any review outside of officials responsible for the administration of the Minority Science and Engineering Improvement Programs.

[ADVISORY PROVISIONS

[Sec. 1045. (a) Advisory Board for the Minority Science and Engineering Improvement Programs.—There shall be established an Advisory Board for the Minority Science and Engineering Improvement Programs. The Board shall consist of 9 members, at least 6 of whom must be racial and national origin minority scientists, engineers, or science or engineering educators. In constituting the initial Board under subsection (c), efforts shall be made to achieve a balance on the Board with respect to sexual, geographic, and institutional background.

[(b) Purposes of the Board.—The Board shall act as an advisory group to the program. Drawing on the expertise of members, the Board will recommend to the Secretary and the director of the program those policies, procedures, and other measures which will further the efforts made through the program to improve the quality of science and engineering education by contributing to the access and retention of ethnic minorities in science and engineering education programs. Upon the request of the Secretary, the Board may be called upon to advise the Secretary on any matters within the Department which could be expected to have an impact on the access of minority students to careers in science, mathematics, or engineering.

[(c) Constitution of Board.—The initial Board shall be constituted in as follows:

[(1) The Director of the Programs shall solicit nominations for the Board from present and past grant recipients of the Minority Institutions Science Improvement Program. The Director shall select from among the nominees 18 candidates whose names shall be given to the Secretary.

[(2) The Secretary shall choose 9 Board members from among the 18 presented.

[(3) The Secretary shall assign 3 Board members to a 3-year term, 3 members to a 4-year term, and 3 members to a 5-year term. Upon expiration of these initial terms, replacement Board members shall serve for 3-year terms. Board members may serve more than one term.

[(4) The Chair of the Board shall be selected by a simple majority vote of Board members and will serve a single term.

[(5) Vacancies on the Board shall be filled by the Board soliciting nominees from institutions eligible to receive grants through the Program. From among the nominees the present and immediate past Chair of the Board shall submit at least 2 nominees from each vacancy to the Secretary, who shall fill vacancies from among the names submitted.

[(d) COMPENSATION OF THE BOARD.—Members of the Board shall receive compensation at a rate not to exceed the daily equivalent of the maximum annual rate of basic pay in effect for grade GS–15 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Board.

[DEFINITIONS

[SEC. 1046. For the purpose of this part—

[(1) The term "accredited" means currently certified by a nationally recognized accrediting agency or making satisfactory progress toward achieving accreditation.

[(2) The term "minority" means American Indian, Alaskan Native, Black (not of Hispanic origin), Hispanic (including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin), Pacific Islander or other ethnic group underrepresented in science and engineering.

[(3) The term "minority institution" means an institution of higher education whose enrollment of a single minority or a combination of minorities (as defined in paragraph (2)) exceeds 50 percent of the total enrollment. The Secretary shall verify this information from the data on enrollments in the higher education general information surveys (HEGIS) furnished by the institution to the Office of Civil Rights, Department of Education.

[(4) The term "science" means, for the purpose of this program, the biological, engineering, mathematical, physical, and social sciences, and history and philosophy of science; also included are interdisciplinary fields which are comprised of overlapping areas among two or more sciences.

[(5) The term "underrepresented in science and engineering" means a minority group whose number of scientists and engineers per 10,000 population of that group is substantially below the comparable figure for scientists and engineers who are white and not of Hispanic origin.

[(6) The term "institutional grant" means a grant that supports the implementation of a comprehensive science improvement plan, which may include any combination of activities for improving the preparation of minority students for careers in science.

[(7) The term "cooperative grant" means a grant that assists groups of nonprofit accredited colleges and universities to work together to conduct a science improvement program.

[(8) The term "design projects" means projects that assist minority institutions that do not have their own appropriate resources or personnel to plan and develop long-range science improvement programs.

[(9) The term "special projects" means—

[(A) a special project grant to a minority institution which support activities that—

[(i) improve the quality of training in science and engineering at minority institutions; or

[(ii) enhance the minority institutions' general scientific research capabilities; or

[(B) a special project grant to any eligible applicant which supports activities that—

[(i) provide a needed service to a group of eligible minority institutions; or

[(ii) provide in-service training for project directors, scientists, and engineers from eligible minority institutions.

[AUTHORIZATION OF APPROPRIATIONS

[Sec. 1047. (a) Authorizations.—There are authorized to be appropriated to carry out the purposes of this part, $7,500,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(b) Appropriation Limitation.—For any fiscal year, 50 percent of the funds under this part shall be allocated for the purpose of section 1021, 33.33 percent for the purpose of section 1031, and 16.67 percent for the purpose of section 1032.

[(c) Additional Authorization.—In addition, there are authorized to be appropriated $7,500,000 for fiscal year 1988 and such sums as may be necessary for each of the 3 succeeding fiscal years for the purpose of funding new activities, consistent with the purposes of sections 1021 and 1031, which are specifically aimed at increasing the participation of minority students in scientific and engineering research careers.

[Part C—Innovative Projects for Community Services and Student Financial Independence

[STATEMENT OF PURPOSE

[Sec. 1061. It is the purpose of this part to support innovative projects in order to determine the feasibility of encouraging student participation in community service projects in exchange for educational services or financial assistance and thereby reduce the debt acquired by students in the course of completing postsecondary educational programs.

[INNOVATIVE PROJECTS FOR COMMUNITY SERVICES AND STUDENT FINANCIAL INDEPENDENCE

[SEC. 1062. (a) GENERAL AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this part, to make grants to and contracts with institutions of higher education (including combinations of such institutions) and with such other public agencies and nonprofit private organizations as the Secretary deems necessary for innovative projects designed to carry out the purpose of this part.

[(b) APPLICATIONS.—No grant may be made and no contract may be entered into under this section unless an application is made at such time, in such manner, and contained or accompanied by such information as the Director may require.

[(c) APPLICABLE PROCEDURES.—(1) No application may be approved under subsection (b) unless the National Board of the Fund for Improvement of Postsecondary Education, under procedures established by the Director, approves the application.

[(2) The provisions of section 1004(b) shall apply to grants made under this part.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 1063. (a) There are authorized to be appropriated to carry out this part, $3,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

[(b) No funds may be appropriated pursuant to subsection (a) for any fiscal year unless funds are appropriated for part A of this title for such fiscal year.

[TITLE XI—PARTNERSHIPS FOR ECONOMIC DEVELOPMENT AND URBAN COMMUNITY SERVICE

[PART A—PARTNERSHIPS FOR ECONOMIC DEVELOPMENT

[FINDINGS AND PURPOSE

[SEC. 1101. (a) FINDINGS.—The Congress finds that—

[(1) there is a need for more systematic and comprehensive efforts to link postsecondary education institutions with State and local governments, labor, business, industry, and community organizations, in order to meet local problems, and to plan, maintain, and attract lasting economic improvement;

[(2) effective economic development is enhanced by the active participation of postsecondary education institutions;

[(3) the economic vitality and international competitiveness of the United States depends on using all available resources; and

[(4) Federal leadership is critical to promoting such competitiveness efforts.

[(b) PURPOSE.—The purpose of this part is to encourage the involvement of postsecondary education institutions with units of government, labor, business, industry, and community organizations to—

[(1) conduct planning, research, and activities which promote economic development and the expansion and retention of jobs on the local, State, and regional level;

[(2) develop programs for job retraining and expanding business and industry opportunities in the area;

[(3) enhance local growth initiatives through utilization of their expertise in economic and community development; and

[(4) demonstrate new approaches to economic development partnerships and to make them available to other areas of the Nation.

[USE OF ECONOMIC DEVELOPMENT FUNDS

[SEC. 1102. (a) ALLOWABLE ACTIVITIES.—An eligible institution or consortium of such institutions may apply for assistance under this part to support—

[(1) planning and research (including applied research) directed at solving local economic development problems, promoting growth, and improving productivity;

[(2) resource exchanges between faculty, government personnel, and private sector experts in economic development activities; and

[(3) any combination of the activities described in subparagraphs (A) and (B) which promote local economic development.

[(b) SPECIAL PROJECTS AUTHORIZED.—Special projects which may be supported under subsection (a)(2) are projects which address broad or national economic development issues, are innovative in their approach, and hold promise of application beyond the area served. Such projects may include—

[(1) the application of technology research to manufacturing aspects of mature industries in a region or State;

[(2) the design and development of technical assistance centers based at eligible institutions which will provide an integrated program of education, research, and technology transfer to business and industry;

[(3) projects to support entrepreneurship training and technical assistance; and

[(4) projects to develop new approaches or complement efforts to explore, expand, and foster opportunities for international business and trade.

[(c) DISSEMINATION PROJECTS.—In addition to the activities described in subsections (a) and (b), the Secretary is authorized to make a limited number of grants to identify and disseminate effective models and techniques which use partnerships between postsecondary education institutions and others involved in economic development to support economic improvement.

[(d) MAXIMUM GRANT.—The maximum grant awarded under subsection (a) for any fiscal year shall be $50,000, except that the limitation contained in this paragraph shall not apply in the case of an application submitted by a consortium of eligible institutions.

[REQUIREMENTS FOR ECONOMIC DEVELOPMENT GRANT APPLICATIONS

[SEC. 1103. (a) LOCAL INVOLVEMENT.—The Secretary may make grants under this part to an eligible institution or consortium of such institutions that demonstrates in its application a proposed program that will involve the active participation of and commitment of resources and personnel by—

[(1) local or State units of governments;

[(2) business or industry;

[(3) labor unions or union representatives; and

[(4) nonprofit organizations concerned with economic development in the area to be served.

[(b) GENERAL CONDITIONS.—Each application under this part shall be filed with he Secretary at such time or times as the Secretary may prescribe. The application shall—

[(1) set forth a program which is likely to make substantial progress toward achieving the purposes of this part;

[(2) provide for an effective dissemination of information on successful results of the activities;

[(3) provide assurances that an assessment has been made of Federal and State resources and that the resources are unavailable for the proposed activity;

[(4) describe the consultation and, if appropriate, coordination with other Federal and State economic development efforts;

[(5) contain assurances that the eligible institution will, to the extent practicable, coordinate its use of resources available for student assistance in a manner which will support the activities conducted under this part;

[(6) describe how the plan fits into the overall economic development plan for the area to be served, contributes to long-term economic growth and employment opportunities, and furthers the goals of the postsecondary education institution; and

[(7) contain such other information and assurances as the Secretary may require by regulation.

[(c) SPECIAL CONSIDERATION.—In making grants under this part, the Secretary shall give special consideration to applications which—

[(1) propose to serve an area which—

[(A) has an unemployment rate 1 percent above the national average unemployment rate for the most recent 24-month period, or

[(B) has experienced or is about to experience sudden economic dislocation resulting in job loss that is significant, both in terms of the number of jobs eliminated and the effect upon the employment rate of the area;

[(2) are submitted by a consortia of postsecondary education institutions, including 4- and 2-year, public and private postsecondary education institutions, and provides a regional geographic approach to solving economic development problems; or

[(3) develop approaches which promote economic diversification for rural areas or areas whose economy is dependent upon a single industry or single employer.

[PART B—URBAN COMMUNITY SERVICE

[PURPOSE

[SEC. 1111. It is the purpose of this part to encourage the use of urban universities as sources of skills, talents, and knowledge which can serve the urban areas in which they are located in meeting urban problems.

[USE OF URBAN COMMUNITY SERVICE FUNDS

[SEC. 1112. (a) ALLOWABLE ACTIVITIES.—An eligible institution that is an urban university, or consortium of such institutions, may apply for assistance under this part to support cooperative projects through which such universities provide urban areas with applied research, planning services, specialized training, technical assistance or other services to address high priority needs of such urban areas.

[(b) PRIORITY NEEDS.—Each eligible urban university shall establish high priority needs through consultation with local government, business, labor, or community-based organizations.

[CONTENTS FOR APPLICATIONS FOR URBAN COMMUNITY SERVICES PROJECTS

[SEC. 1113. (a) EVALUATION AND SELECTION OF APPLICATIONS.—An application submitted under this part shall—

[(1) contain assurances that the chief executive officer of the local government has been given a reasonable opportunity to review and comment on the proposed project or projects; and

[(2) show participation of any local agency of general government and of the community in the development and implementation of each project for which assistance is sought.

[(b) SELECTION PRIORITIES.—The Secretary shall give priority to applications which contain cooperative arrangements among urban universities, community colleges, and other institutions of higher education and other entities in the public, private, and nonprofit sectors within an urban area.

[PART C—GENERAL PROVISIONS

[ADMINISTRATIVE PROVISIONS

[SEC. 1121. (a) PEER REVIEW.—The Secretary shall designate a peer review panel to review applications submitted under parts A and B of this title and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary shall consult with other appropriate Cabinet-level officials and non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of an equal number of representatives from public and private higher education, labor, business, and State and local government who have expertise in economic development and urban community service.

[(b) DURATION OF GRANTS.—Subject to the availability of appropriations, grants under parts A and B may be made on a multiyear basis, except that no institution, individually or as a participant in a combination of such institutions may receive a grant for one project for more than 5 years.

[(c) GEOGRAPHIC DISTRIBUTION.—The Secretary shall award grants under parts A and B in such a manner as to achieve broad and equitable distribution of assistance throughout the Nation.

[(d) NON-FEDERAL MATCH REQUIRED.—An applicant under parts A and B and the organizations associated with its application shall contribute to the conduct of the program supported by the grant an amount from non-Federal sources equal to at least one-fourth the amount of the grant, which contribution may be in cash or in services, supplies, or equipment.

[(e) WAIVER OF MATCHING REQUIREMENT.—The Secretary may waive the requirement of subsection (d) with respect to an eligible institution that demonstrates a unique hardship that precludes its compliance with that requirement.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 1122. There are authorized to be appropriated to carry out parts A and B of this title $15,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. The Secretary shall allocate 66⅔ percent of the funds appropriated under this title for part A and 33⅓ percent for Part B.

[DEFINITIONS

[SEC. 1123. As used in this title—

[(1) the term "eligible institution" has the meaning given such term by section 435(a) of this Act;

[(2) the term "urban area" means a metropolitan statistical area having a population of not less than 500,000 individuals; or in any State which does not have a standard metropolitan statistical area which has such a population, the entity of the State having an agreement under section 1203 may, or if not such entity has an agreement, the Secretary shall designate one urban area for the purpose of this part; and

[(3) the term "urban university" means an institution of higher education or a consortium of institutions of higher education, any one of which meets all the requirements of this paragraph which—

[(A) is located in an urban area,

[(B) draws a substantial portion of its undergraduate students from the urban area in which it is located or contiguous students from the urban area in which it is located or contiguous areas,

[(C) carries out programs to make postsecondary education opportunities more accessible to residents of such urban area or contiguous areas,

[(D) has the present capacity to provide resources responsive to the needs and priorities of such urban area and contiguous areas,

[(E) offers a range of professional or graduate programs sufficient to sustain its capacity to provide such resources, and

[(F) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and its people.

[Part D—Wagner Institute of Urban Public Policy

[PURPOSE, DESIGNATION

Sec. 1131. It is the purpose of this part to provide assistance to the City University of New York to enable the University to establish a center to coordinate resources for the development of solutions to pressing urban and social problems. The institute shall be known as the "Robert F. Wagner, Sr., Institute of Urban Public Policy" (hereafter in this part referred to as the "Institute").

[APPLICATION FOR AND USE OF FUNDS

[Sec. 1132. (a) Application.—No payment may be made under this part except upon application at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

[(b) Use of Funds.—Payments made under this part may be used by the City University of New York to establish and operate the Institute and to support the following activities of the Institute.

[(1) The Institute shall inventory and assess academic research, education, and training capabilities with respect to urban redevelopment strategies. The Institute shall ensure that information derived from this activity shall be available for use in public policy debates on solutions to urban problems.

[(2) The Institute shall conduct a series of forums to promote and coordinate decisionmaking on urban problems. Such forums shall be focused upon such issues as economic development, youth employment, law enforcement, education, services to the elderly, health care delivery systems, and immigration patterns. Participants in such forums shall be drawn from Federal, State, and local government, the business and professional community, labor, education, and community based organizations.

[(3) In developing topics for the forums to be conducted under paragraphs (2), and in establishing priorities for the allocation of its resources, the Institute shall establish and regularly consult with an advisory council of urban advisors representing leaders in government, business, labor, education, and community based operations.

[(4) The Institute shall prepare and publish reports on the forums conducted pursuant to paragraph (2) and publish and disseminate the results of its research activities.

[AUTHORIZATION OF APPROPRIATIONS

[Sec. 1133. There are authorized to be appropriated to carry out this part, $2,000,000, which may remain available until expended.]

TITLE XI—URBAN COMMUNITY SERVICE

SEC. 1101. FINDINGS.

The Congress finds that—

(1) the Nation's urban centers are facing increasingly pressing problems and needs in the areas of economic development, community infrastructure and service, social policy, public health, housing, education, environmental concerns, planning and work force preparation;

(2) there are, in the Nation's eligible institutions, people with underutilized skills, knowledge, and experience who are capable of providing a vast range of services toward the amelioration of the problems described in paragraph (1);

(3) the skills, knowledge and experience in these eligible institutions, if applied in a systematic and sustained manner, can make a significant contribution to the solution of such problems; and

(4) the application of such skills, knowledge and experience is hindered by the limited funds available to redirect attention to solutions to such urban problems.

SEC. 1102. PURPOSE.

It is the purpose of this title to provide incentives to eligible institutions to enable such institutions to devise and implement solutions to pressing and severe problems in their communities.

SEC. 1103. APPLICATION FOR URBAN COMMUNITY SERVICE GRANTS.

(a) APPLICATION.—

(1) IN GENERAL.—An eligible institution seeking assistance under this title shall submit to the Secretary an application at such time, in such form, and containing or accompanied by such information and assurances as the Secretary may require by regulation.

(2) CONTENTS.—The application submitted pursuant to paragraph (1) shall—

(A) describe the activities and services for which assistance is sought; and

(B) include documentation of the formation of a consortium that includes, in addition to the eligible institution, one or more of the following entities:

(i) An urban school system.
(ii) A local government.
(iii) A business or other employer.
(iv) A nonprofit institution.

(3) WAIVER.—The Secretary may waive the consortium requirements described in paragraph (2) for any applicant who can demonstrate to the satisfaction of the Secretary that the applicant has devised an integrated and coordinated plan which meets the purpose of this title.

(b) PRIORITY IN SELECTION OF APPLICATIONS.—The Secretary shall give priority to applications that propose to conduct joint projects supported by other local, State, and Federal programs.

(c) SELECTION PROCEDURES.—The Secretary shall, by regulation, develop a formal procedure for the submission of applications under

this title and shall publish in the Federal Register an announcement of that procedure and the availability of funds under this title.

SEC. 1104. ALLOWABLE ACTIVITIES.

(a) In General.—Funds made available under this title shall be used to design and implement programs to assist urban communities to address pressing and severe problems.

(b) Authorized Activities.—Activities conducted with funds made available under this title may include research on, or planning and implementation of, resource exchanges, technology transfers, technical training, the delivery of services, or technical assistance in the following areas:

(1) Work force preparation.

(2) Urban poverty and the alleviation of such poverty.

(3) Health care, including delivery and access.

(4) Underperforming school systems and students.

(5) Problems faced by the elderly in urban settings.

(6) Problems faced by families and children.

(7) Crime prevention and alternative interventions.

(8) Urban housing.

(9) Urban infrastructure.

(10) Economic development.

(11) Urban environmental concerns.

(12) Other problem areas which participants in the consortium described in section 1103(a)(2)(B) concur are of high priority in the urban area.

SEC. 1105. PEER REVIEW.

The Secretary shall designate a peer review panel to review applications submitted under this title and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary shall consult with officials of other Federal agencies and with non-Federal organizations to ensure that the panel membership shall be geographically balanced and be composed or representatives from public and private institutions of elementary, secondary, and higher education, labor, business, and State and local governments, who have expertise in urban community service or in education.

SEC. 1106. DISBURSEMENT OF FUNDS.

(a) Limitation on Amounts.—

(1) Duration.—Each grant awarded under this title may be awarded for a period not to exceed 3 years.

(2) Annual amount.—The Secretary shall not make a grant payment under this title which exceeds $500,000 in any 1 year.

(b) Equitable Geographic Distribution.—The Secretary shall award grants under this title in a manner that achieves equitable geographic distribution of such grants.

SEC. 1107. DESIGNATION OF URBAN GRANT INSTITUTIONS.

The Secretary shall publish a list of the eligible institutions which are awarded grants under this title and shall designate these institutions of higher education as "Urban Grant Institutions" for the duration of their grant award The Secretary shall establish a national network of Urban Grant Institutions so that the results of *individual projects achieved in one metropolitan area can then be generalized, disseminated, replicated and applied throughout the nation.*

SEC. 1108. DEFINITIONS.

As used in this title:

(1) URBAN AREA.—The term "eligible area" means a metropolitan statistical area having a population of not less than 150,000; or, in any State which does not have metropolitan statistical area which has such a population, the entity of the State having an agreement or submitting an application under section 1203 may, or, if no such entity has an agreement, the Secretary shall designate one urban area for the purpose of this title.

(2) ELIGIBLE INSTITUTION.—The term "eligible institution" means a nonprofit institution of higher education, or a consortium of such institutions, any one of which meets all the requirements of this paragraph, which

(A) is located in an urban area;

(B) draws a substantial portion of its undergraduate students from the urban area in which such institution is located, or from contiguous areas;

(C) carries out programs to make post-secondary educational opportunities more accessible to residents of such urban area, or contiguous areas;

(D) has the present capacity to provide resources responsive to the needs and priorities of such urban area and contiguous areas;

(E) offers a range of professional, technical, or graduate programs sufficient to sustain the capacity of such institution to provide such resources; and

(F) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and the people of such areas.

SEC. 1109. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out the provisions of this title.

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[TITLE XII—GENERAL PROVISIONS]

TITLE XII—GENERAL PROVISIONS AND DEMONSTRATION PROGRAMS

Subpart 1—General Provisions

DEFINITIONS

SEC. 1201. As used in this Act—

(a) * * *

* * * * * * *

(i) STATE HIGHER EDUCATION AGENCY.—The term "State higher education agency" means the officer or agency primarily responsible for the State supervision of higher education.

* * * * * * *

[NATIONAL ADVISORY COMMITTEE ON ACCREDITATION AND INSTITUTIONAL ELIGIBILITY

[SEC. 1205. (a) There is established in the Department of Education a National Advisory Committee on Accreditation and Institutional Eligibility which shall be composed of 15 members appointed by the Secretary from among individuals knowledgeable concerning education, and including persons who are (1) representative of institutions, (2) representative of students and youth, (3) representative of professional associations, (4) representative of State educational agencies, and (5) representative of the general public. The Chairman of the Committee shall be appointed by the Secretary.

[(b) The term of office of each member of the Committee shall be three years, except that—

[(1) the members first appointed to the Committee shall serve as designated by the Secretary, five for a term of one year, five for a term of two years, and five for a term of three years, and

[(2) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of that term.

[(c) The Committee shall, with respect to all matters pertaining to institutional eligibility—

[(1) advise the Secretary with regard to the responsibility to publish a list of nationally recognized accrediting agencies and associations which he determines to be reliable authority as to the quality of training offered, including advising the Secretary with respect to the criteria and procedures for carrying out such responsibility;

[(2) advise the Secretary with regard to the responsibility to designate State agencies as reliable authorities on the quality of public postsecondary vocational education or training;

[(3) develop and recommend to the Secretary standards and criteria for specific categories of vocational training instititions and institutions of higher education for which there are no recognized accrediting agencies, associations, or State agencies, in order to establish the eligibility of such institutions on an interim basis for participation in federally funded programs; and

[(4) carry out such other advisory functions relating to accreditation and institutional eligibility as may be assigned by the Secretary.

[(d) The Committee shall meet not less than twice each year at the call of the Chairman. The date of, and agenda for, each meeting of the Committee shall be submitted in advance to the Secretary for approval. A representative of the Secretary shall be present at all meetings of the Committee.

[(e) The Committee shall, not later than November 30 of each year, make an annual report through the Secretary to the Congress. The annual report shall contain a list of the members of the

Committee and their addresses, a list of the Committee's functions, a list of dates and places of each meeting during the preceding fiscal year, and a summary of the activities, findings and recommendations made by the Committee during the preceding fiscal year.

[(f) Subject to section 448(b) of the General Education Provisions Act, the Committee shall continue to exist until September 30, 1991.]

SEC. 1205. COMMITTEE ON INSTITUTIONAL QUALITY AND INTEGRITY.

(a) Establishment.—There is established in the Department a Committee on Institutional Quality and Integrity (hereafter in this section referred to as the "Committee") which shall be composed of 15 members appointed by the Secretary from among individuals who are representatives of, or knowledgeable concerning, education and training beyond secondary education, including accreditation of institutions of higher education, the process of eligibility and certification of such institutions under title IV of this Act, and the provision of financial aid under title IV of this Act. The Secretary may also appoint to the Committee representatives of the general public serving on the National Advisory Committee on Accreditation and Institutional Eligibility (as such Committee was in existence on the date of enactment of the Higher Education Amendments of 1991).

(b) Terms of Members.—Terms of office of each member of the Committee shall be 3 years, except that—

(1) of the members first appointed to the Committee the Secretary shall designate—

(A) 5 such members to serve for a term of 1 year;

(B) 5 such members to serve for a term of 2 years; and

(C) 5 such members to serve for a term of 3 years; and

(2) any member appointed to fill in a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall be appointed for the remainder of such term.

(c) Functions.—The Committee shall—

(1) advise the Secretary with respect to establishment and enforcement of the standards of accrediting agencies or associations under section 493;

(2) advise the Secretary with respect to the recognition of a specific accrediting agency or association;

(3) advise the Secretary with respect to the preparation and publication of the list of nationally recognized accrediting agencies and associations;

(4) advise the Secretary with respect to the eligibility and certification process for institutions of higher education under title IV of this Act, together with recommendations for improvements in such process;

(5) advise the Secretary with respect to the functions of the Secretary under sections 492 (d), (e) and (f), relating to State institutional integrity standards;

(6) advise the Secretary with respect to the relationship between—

(A) accreditation of institutions of higher education and the certification and eligibility of such institutions; and

(B) State licensing responsibilities with respect to such institutions; and

(7) carry out such other advisory functions relating to accreditation and institutional eligibility as the Secretary may prescribe.

(d) Meeting Procedures.—The Committee shall meet not less than twice each year at the call of the Chairman. The date of, and agenda for, each meeting of the Committee shall be submitted in advance to the Secretary for approval. A representative of the Secretary shall be present at all meetings of the Committee.

(e) Report.—The Committee shall, not later than November 30 of each year, make an annual report through the Secretary to the Congress. The annual report shall contain—

(1) a list of the members of the Committee and their addresses;

(2) a list of the functions of the Committee;

(3) a list of dates and places of each meeting during the preceding fiscal year; and

(4) a summary of the activities, findings and recommendations made by the Committee during the preceding fiscal year.

(f) Definition.—As used in this section, the term "institution of higher education" has the same meaning given that term by section 481(a).

(g) Termination.—Subject to section 448(b) of the General Education Provision Act, the National Advisory Committee on Accreditation and Institutional Eligibility shall continue to exist until September 30, 1998.

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Subpart 2—Demonstration Programs

SEC. 1221. LOAN FORGIVENESS FOR TEACHERS, INDIVIDUALS PERFORMING NATIONAL COMMUNITY SERVICE AND NURSES.

(a) Statement of Purpose.—It is the purpose of this section to encourage individuals to—

(1) enter the teaching and nursing profession; and

(2) perform national and community service.

(b) Demonstration Program.—

(1) In general.—Notwithstanding any other provision of this Act, from amounts appropriated to carry out the provisions of part B of title IV, the Secretary, in consultation with the Secretary of Health and Human Services, shall carry out a demonstration program of assuming the obligation to repay a Stafford loan (a loan made, insured or guaranteed under part B of title IV of the Higher Education Act of 1965) (excluding loans made under sections 428A, 428B, or 428C) for any new borrower after October 1, 1993 who—

(A) is employed as a full-time teacher—

(i) in a school which qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools; and

(ii) of mathematics, science, foreign languages, special education, bilingual education, or any other field

of expertise where the State educational agency determines there is a shortage of qualified teachers;

(B) agrees in writing to volunteer for service under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973, or to perform comparable service as a full-time employee of an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, if the borrower does not receive compensation which exceeds the greater of—

(i) The minimum wage rate described in section 6 of the Fair Labor Standards Act of 1938; or

(ii) an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act); or

(C) is employed full-time as a nurse in a public hospital, a rural health clinic, a migrant health center, an Indian Health Service, an Indian health center, a Native Hawaiian health center or in an acute care or long-term care facility.

(2) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

(c) LOAN REPAYMENT.—

(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

(A) 15 percent of the total amount of Stafford loans incurred by the student borrower during such borrower's last 2 years of undergraduate education for the first or second academic year in which such borrower meets the requirements described in subsection (a);

(B) 20 percent of such total amount for such third or fourth academic year; and

(C) 30 percent of such total amount for such fifth academic year.

(2) CONSTRUCTION.—Nothing in this subsection shall be construed to authorize the refunding of any repayment of a Stafford loan.

(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a teaching certificate, the Secretary is authorized to assume the obligation to repay the total amount of Stafford loans incurred for a maximum of 2 academic years in returning to an institution higher education for the purpose of obtaining a teaching certificate or additional certification. Such Stafford loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

(d) Repayment of Eligibility Lenders.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of Stafford loans which are subject to repayment pursuant to this section for such year.

(e) Application for Repayment.—Each eligible individual desiring loan repayment under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

(f) Definitions.—For the purpose of this section the term "eligible lender" has the same meaning given such term in section 435(d).

(g) Evaluation.—

(1) In General.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the program assisted under this part on the fields of teaching, nursing, and community service.

(2) Competitive Basis.—The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

(3) Contents.—The evaluation described in this section shall—

(A) assess whether the program assisted under this section has brought into teaching, nursing, and community service a significant number of highly capable individuals who otherwise would not have entered such fields;

(B) assess whether a significant number of students perform the service described in subsection (b) or opt to repay the loans instead of remaining in the career for which such student received loan repayment under this section;

(C) identify the barriers to the effectiveness of the program assisted under this section; and

(D) assess the cost-effectiveness of such program in improving teacher, nursing, and community service worker quality and quantity and the ways to improve the cost-effectiveness of such program.

(4) Interim evaluation reports.—The Secretary shall prepare and submit to the President and the Congress such interim reports on the evaluation described in this section as the Secretary deems appropriate, and shall submit such a final report by January 1, 1999.

(5) Funding.—The Secretary shall reserve a total of not more than $1,000,000 from the amount appropriated to carry out part B of title IV in fiscal years 1993 through 1999 to carry out this section.

SEC. 1222. EXCEPTIONAL PERFORMANCE IN LOAN COLLECTION BY ELIGIBLE LENDERS AND LOAN SERVICERS DEMONSTRATION PROGRAM.

(a) Demonstration Program Authorized.—The Secretary shall conduct a demonstration program, in accordance with the provisions of this section, designed to—

(1) make a determination that certain eligible lenders and eligible servicers are eligible for designation of exceptional performance, and

(2) reward such eligible lenders and eligible servicers by providing for guaranty agency payment of 100 percent of the unpaid principal and interest of all loans submitted for payment

of such lender or servicer for the one-year period following receipt by such guaranty agency of the notification or designation under this section.

(b) PROGRAM REQUIREMENTS.—The program described in subsection (a) shall require—

(1) the Secretary to—

(A) determine that an eligible lender or a loan servicer has a compliance performance rating with respect to due diligence in the collection of student loans insured under part B of title IV for each year for which the determination is made which equals, or exceeds, 95 percent of all due diligence requirements with respect to such loans serviced during the period by the eligible lender, or loan servicer, and to designate the eligible lender or loan servicer, as the case may be, for exceptional performance; and

(B) notify each appropriate guaranty agency of the eligible lenders and loan servicers designated under subparagraph (A);

(2) a guaranty agency to pay each eligible lender or loan servicer designated under paragraph (1)(A) 100 percent of the unpaid principal and interest of all loans for which claims are submitted for payment by that eligible lender or loan servicer for the one-year period following the receipt by the guaranty agency of the notification of designation under such paragraph;

(3) each eligible lender and loan servicer desiring a designation under paragraph (1)(A) to have a financial and compliance audit of the loan portfolio of such eligible lender or loan servicer, conducted annually, by a qualified independent organization or person in accordance with standards established by the Comptroller General and the Secretary which shall include a defined statistical sampling technique designed to measure the performance rating of the eligible lender or the loan servicer for the purpose of this paragraph;

(4) each such eligible lender and loan servicer to submit the audit required by paragraph (3) to the Secretary and to each appropriate guaranty agency;

(5) the Secretary to make the determination under paragraph (1)(A) based upon the audits submitted under paragraph (4) and submit the results of the determination to each appropriate guaranty agency;

(6) a guaranty agency to review the Secretary's determination on the basis of the audit and other information in the possession of the guaranty agency and if the results of the audit are not persuasively rebutted by such other information, require the guaranty agency to inform the eligible lender or loan servicer that their application for designation as an exceptional eligible lender or loan servicer has been approved;

(7) each such eligible lender and loan servicer to pay for all of the costs of the audits required by this subsection; and

(8) designation as an exceptional eligible lender or loan servicer to be revoked by the guaranty agency upon 60 days' notice and an opportunity for a hearing before the guaranty agency upon a finding by the guaranty agency that the eligible lender or loan servicer has failed to maintain an overall level of regu-

latory compliance consistent with the audit submitted by the eligible lender or loan servicer under this subsection.

(c) Definitions.—For the purpose of this section—

(1) the term "due diligence requirements" means the activities required to be performed by lenders on delinquent loans pursuant to section 682.411 of title 34, Code of Federal Regulations, (Due Diligence by Lenders in the Collection of Guaranty Agency Loans) and any related or successor regulations;

(2) the term "eligible loan" means a loan made, insured or guaranteed under part B of title IV;

(3) the term "loan servicer" means an entity servicing and collecting student loans which—

(A) has substantial experience in servicing and collecting consumer loans or student loans;

(B) has an independent financial audit conducted annually which is furnished to its clients;

(C) has business systems which are capable of meeting the requirements of part B of title IV;

(D) has adequate personnel who are knowledgeable about the student loan programs authorized by part B of title IV; and

(E) does not have any owner, majority stockholder, director, or officer of the entity who has been convicted of a felony.

(d) Special Rule.—Reimbursements of losses made by the Secretary on loans submitted for claim by an eligible lender or loan servicer designated for exceptional performance under this section shall not be subject to additional review by the Secretary or repurchase by the guaranty agency for any reason other than a determination by the Secretary that the eligible lender, loan servicer, or guaranty agency engaged in fraud or other purposeful misconduct in obtaining designation for exceptional performance.

SEC. 1223. NATIONAL STUDENT SAVINGS DEMONSTRATION PROGRAM.

(a) Statement of Purpose.—It is the purpose of this section to—

(1) create a demonstration program to test the feasibility of establishing a national student savings program to encourage families to save for their children's college education and thereby reduce the loan indebtedness of college students; and

(2) help determine the most effective means of achieving the activities described in paragraph (1).

(b) Demonstration Program Authorized.—

(1) In general.—The Secretary is authorized to award a demonstration grant to not more than 5 States to enable each such State to conduct a student savings program in accordance with this section.

(2) Amount of grant.—The amount of each grant awarded pursuant to paragraph (1) shall be computed on the basis of—

(A) a Federal match in an amount equal to the initial State deposit into each account established pursuant to subsection (c)(2)(B), except that such Federal match shall not exceed $50 per child; multiplied by

(B) the number of children participating in the program assisted under this part.

(3) Priority.—In awarding grants under this section the Secretary shall give priority to States proposing programs that establish accounts for a child prior to the age of compulsory school attendance in the State in which such child resides.

(4) Special consideration.—In awarding grants under this section the Secretary shall give special consideration to States—

(A) that permit employers to use pretax income in making contributions to a child's account; and

(B) that provide assurances that interest earned in accounts shall be exempt from State taxes.

(c) Application.—

(1) In general.—Each State desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(2) Contents.—Each application submitted pursuant to paragraph (1) shall—

(A) describe the student savings program to be established and the number of children to be served;

(B) contain assurances that an account shall be established for each child participating in the program assisted under this section and set forth the initial amount to be deposited into each such account by the State;

(C) contain assurances that deposits into such account shall be invented in a responsible manner that provides a reasonable rate of return;

(D) contain assurances that funds in the account shall only be used to pay the cost of attendance (as such term is defined in section 472) at any eligible institution (as such term is defined in section 435(a));

(E) describe the amount of the Federal contribution requested for starting each child's account, which shall not exceed $50 per child participating in the program;

(F) describe the age at which children in the State may establish such accounts;

(G) indicate whether the program will be open to all children, regardless of family income, or only to disadvantaged children;

(H) describe how additional deposits into each account from the State or other resources will be earned by a child for performance of community service, academic performance, or other activities or achievements;

(I) contain assurances that contributions in an account shall be refundable to the contributor without interest if the child dies or is otherwise unable to attend college;

(J) contain assurances that the State shall encourage individuals and organizations to make contributions to a child's account;

(K) contain assurances that the State shall provide incentives to employers to make contributions to a child's account and participate in the program assisted under this section; and

(L) contain assurances that if a child leaves the State in which such child has an account, then such child shall re-

tain the right to make contributions to the account, except that the State shall not be required to make any additional deposits for the child's exemplary activities.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years to carry out this section.

TITLE XIII—EDUCATION ADMINISTRATION

PART A—SECRETARIAL STUDIES AND EVALUATIONS

SEC. 1301. SATISFACTORY PROGRESS.

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SEC. 1307. STUDIES.

(a) ROLE OF GUARANTY AGENCIES.—

(1) STUDY.—The Secretary shall review the role of guaranty agencies within the Robert T. Stafford Student Loan Program by examining the administrative and financial operations of such agencies and the relationships between guaranty agencies and State governments.

(2) REPORT.—The Secretary shall report to the Congress within 1 year of the date of enactment of this Act on the study described in subsection (a). Such report shall consider and make recommendations concerning the feasibility of—

(A) increasing the role of guaranty agencies in oversight and licensing of proprietary trade schools under the Robert T. Stafford Student Loan Program;

(B) strengthening Federal disincentives for high default rate portfolios;

(C) consolidating guaranty agencies regionally or otherwise; and

(D) eliminating the role of guaranty agencies within the Robert T. Stafford Student Loan Program.

(b) STATUTORY PROTECTIONS.—The Secretary of Education shall report to the Congress within 180 days of the date of enactment of the Higher Education Amendments of 1991 on the advisability of statutorily protecting officials of accrediting agencies involved in the performance of legitimate Robert T. Stafford Student Loan Program activities.

[SEC. 1307] ***SEC. 1308.*** **AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated $1,000,000 for the fiscal year 1987 and for each of the 2 succeeding fiscal years to carry out the provisions of sections 1301 and 1302.

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TITLE II—ACADEMIC LIBRARIES AND INFORMATION SERVICES

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Sec. 439. Repayment by the Secretary of loans of bankrupt, deceased or disabled borrowers.

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TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

Sec. 501. Educator recruitment, retention, and development.

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TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Sec. 701. Repealers and redesignations.
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Sec. 801. Cooperative education.

TITLE IX—GRADUATE PROGRAMS

Sec. 901. Graduate programs.

TITLE X—POSTSECONDARY IMPROVEMENT PROGRAMS

Sec. 1001. Postsecondary improvement programs.

TITLE XI—PARTNERSHIPS FOR ECONOMIC DEVELOPMENT AND URBAN COMMUNITY SERVICE

Sec. 1101. Repeat of title.

TITLE XII—GENERAL PROVISIONS AND DEMONSTRATION PROGRAMS

Sec. 1201. Definitions.
Sec. 1202. Special criteria for high-risk institutions.
Sec. 1203. National Advisory Committee on Institutional Quality and Integrity.
Sec. 1204. Demonstration programs.

TITLE XIII—EDUCATION ADMINISTRATION

Sec. 1301. Studies.

TITLE XIV—AMENDMENTS TO OTHER LAWS

Sec. 1401. Higher education technical amendments.
Sec. 1402. General Education Provisions Act.
Sec. 1403. United States Institute of Peace.
Sec. 1404. Law enforcement unit records.

TITLE XV—NATIONAL CENTER FOR THE WORKPLACE

Sec. 1501. Purpose.
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Sec. 1504. Board of Advisors.
Sec. 1505. Gifts and donations.
Sec. 1506. Authorization of appropriations.

PUBLIC LAW 102-26—APR. 9, 1991

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SEC. 3. ELIMINATIONS OF STATUTE OF LIMITATIONS FOR STUDENT LOAN COLLECTIONS.

(a) AMENDMENTS.— * * *

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(c) EFFECTIVE DATE.—The amendments made by this section shall be effective as if enacted by the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272), and shall apply to any actions pending on or after the date of enactment of the Higher

Education Technical Amendments of 1991 [that are brought before November 15, 1992].

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GENERAL EDUCATION PROVISIONS ACT

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SEC. 438. (a)(1)(A) * * *

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(4) (A) * * *

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(B) * * *

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[(ii) if the personnel of a law enforcement unit do not have access to education records under subsection (b)(1), the records and documents of such law enforcement unit which (I), are kept apart from records described in subparagraph (A), (II) are maintained solely for law enforcement purposes and (III) are not made available to persons other than law enforcement officials of the same jurisdiction;]

(ii) records maintained by a law enforcement unit of the educational agency or institution that were created by that law enforcement unit for the purpose of law enforcement;

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SEC. 453. MEASURE OF RECOVERY.

(a)(1) * * *

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(b)(1) When a [State or local educational agency] *recipient* is determined to have made an unallowable expenditure, or to have otherwise failed to discharge its responsibility to account properly for funds, and mitigating circumstances exist, as described in paragraph (2), the judge shall reduce such amount by an amount that is proportionate to the extent the mitigating circumstances caused the violation. Furthermore, the judge is authorized to determine that no recovery is justified when mitigating circumstances warrant. The burden of demonstrating the existence of mitigating circumstances shall be upon the [State or local educational agency] *recipient*.

(2) For the purpose of paragraph (1), mitigating circumstances exist only when it would be unjust to compel the recovery of funds because the [State or local educational agency] *recipient*—

(A) actually and reasonably relied upon erroneous written guidance provided by the Department;

(B) made an expenditure or engaged in a practice after—

(i) the [State or local educational agency] *recipient* submitted to the Secretary, in good faith, a written request for guidance with respect to the expenditure or practice at issue, and

(ii) a Department official did not respond within 90 days of receipt by the Department of such request; or

(C) actually and reasonably relied upon a judicial decree issued to the recipient.

(3) A written request for guidance as described in paragraph (2) sent by certified mail (return receipt requested) shall be conclusive proof of receipt by the Department.

(4) If the Secretary responds to a written request for guidance described in paragraph (2)(B) more than 90 days after its receipt, the [State or local educational agency] *recipient* that submitted the request shall comply with the guidance received at the earliest practicable time.

(5) In order to demonstrate the existence of the mitigating circumstances described in paragraph (2)(B), the [State or local educational agency] *recipient* shall demonstrate that—

(A) the written request for guidance accurately described the proposed expenditure or practice and included the facts necessary for a determination of its legality; and

(B) the written request for guidance contained a certification by the chief legal officer of the [State educational agency] *recipient* that such officer had examined the proposed expenditure of practice and believed the proposed expenditure or practice was permissible under then applicable State and Federal law; and

(C) the [State or local educational agency] *recipient* reasonably believed that the proposed expenditure or practice was permissible under then applicable State and Federal law.

(6) The Secretary shall disseminate to [State educational agencies] *recipient* responses to written requests for guidance, described in paragraph (5), that reflect significant interpretations of applicable law or policy.

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SEC. 460. DEFINITIONS.

For purposes of this part:

(1) * * *

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(2) The term "applicable program" excludes programs authorized by the Higher Education Act of 1965 *(except programs authorized under subpart 4 of part A of title IV of the Higher Education Act of 1965)* and assistance programs provided under the Act of September 30, 1950 (Public Law 874, 81st Congress), and the Act of September 23, 1950 (Public Law 815, 81st Congress).

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INSTITUTE OF PEACE

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SEC. 1604. POWERS AND DUTIES.

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(b) DESCRIPTION OF SPECIFIC ACTIVITIES.—The Institute, acting through the Board, may—

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(8) establish a clearinghouse and other means for disseminating information, including classified information that is properly safeguarded, from the field of peace learning to the public and to government personnel with appropriate security clearances; [and]

(9) secure directly, upon request of the president of the Institute to the head of any Federal department of agency and in accordance with section 552 of title 5 (relating to freedom of information), information necessary to enable the Institute to carry out the purposes of this chapter if such release of the information would not unduly interfere with the proper functioning of a department or agency, including classified information if the Institute staff and members of the Board who have access to such classified information obtain appropriate security clearances from the Department of Defense and the Department of State[.]; *and*

(10) establish the Spark M. Matsunaga Scholars Program, which shall include the provision of scholarships and educational programs in international peace and conflict management and related fields for outstanding secondary school students and the provision of scholarships to outstanding undergraduate students, with program participants and recipients of such scholarships to be known as "Spark M. Matsunaga Scholars".

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(h) Grants and Contracts; Gifts and Contributions; Domestic and Foreign Restrictions.—

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[(2) The Institute may not accept any gift, contribution or grant from, or enter into any contract with, a foreign government, any agency or instrumentality of such government, any international organization, or any foreign national, except that the Institute may accept the payment of tuition by foreign nationals for instruction provided by the Institute. For purposes of this paragraph, the term—

[(A) "foreign national" means—

[(i) a natural person who is a citizen of a foreign country or who owes permanent allegiance to a foreign country; and

[(ii) a corporation or other legal entity in which natural persons who are nationals of a foreign country own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity; and

[(B) "person" means a natural person, partnership, association, other unincorporated body, or corporation.]

(2) The Institute and the legal entity described in section 1704(c) may not accept any gift, contribution or grant from a foreign government, any agency or instrumentality of such government, any international organization, or any corporation or other legal entity in which natural persons who are nationals of a foreign country own, directly or indirectly, more than 50

percent of the outstanding capital stock or other beneficial interest in such legal entity.

(3) Notwithstanding any other provision of this chapter, the Institute and the legal entity described in section 4603(c) of this title may not obtain any grant or contract or receive any gift or contribution from any private agency, organization, corporation or other legal entity, institution, or [individual.] *individual, except such Institute or legal entity may accept such a gift or contribution to—*

(A) purchase, lease for purchase, or otherwise acquire, construct, improve, furnish, or maintain a suitable permanent headquarters, any related facility, or any site or sites for such facilities for the Institute and the legal entity described in section 1704(c); or

"(B) provide program-related hospitality, including such hospitality connected with the presentation of the Spark M. Matsunaga Medal of Peace.

* * * * * * *

SEC. 4609. FUNDING.

[(a) AUTHORIZATION OF APPROPRIATIONS

[(1) For the purpose of carrying out this chapter (except for paragraph (9) of section 4604(b) of this title), there are authorized to be appropriated $10,000,000 for fiscal year 1989; $10,000,000 for fiscal year 1990; $10,000,000 for fiscal year 1991; $15,000,000 for fiscal year 1992; and $15,000,000 for fiscal year 1993.

[(2) Funds appropriated pursuant to paragraph (1) are authorized to remain available until expended.]

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—For the purpose of carrying out this title, there are authorized to be appropriated $15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 6 succeeding fiscal years.

(2) AVAILABILITY.—Funds appropriated pursuant to the authority of paragraph (1) shall remain available until expended.

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